ACKNOWLEDGEMENT

Our special credit goes to the management of PT. Honda Prospect Motor (HPM), who gave us a chance to initiate our research in the first instance. Our particular gratitude is addressed to Mr. Bernard Kurniadjaja, Parts Division Director; Mr. Helmanto, Senior Manager of Parts Division; and Mrs. Ansisca Dewi, Marketing Chief of Parts Division. Their generous assistance helped in getting this project off the ground.

We would also like to express our gratefulness to those who have contributed to the development of this research:

- Honda Automobile Parts Shop and Service Centers at Kemayoran and Atrium Senen Parts Center for their participation in our survey
- Honda authorized dealers in Jakarta area who has taken part in our interview session
- Honda Automotive Club Indonesia (HACI) and its mailing list members who have shared their knowledge and experiences
- Those who have spared their time to fill in our printed and online survey questionnaires

Furthermore, we are deeply indebted to Mr. Bun Sucento, our supervisor, who has helped us in stimulating ideas and encouragement during the research and the making of this thesis.

Finally, our particular thanks are also to our family and best friends whose patient love motivated us to complete this work.
PT. Honda Prospect Motor (HPM), as the sole agent of Honda Motor Co. Ltd. is very much concerned with Honda's public image and perception, especially as this image relates to their spare parts. The company's image as a supplier of ‘exclusive and high-priced’ cars creates difficulties when the same public perception translates it into a costly after sales maintenance and spare parts.

This undesirable expensive image of Honda spare parts has drawn the management’s attention since public's attitudes and action towards the overall Honda automobiles products are highly conditioned by the perception. Even though the company has taken a number of actions, the problem seems to be unsolved.

Our study of this issue, which is conducted through a series of survey, has found that the expensive perceptions still persist in the customers and public mind. As to our findings, the company fails to integrate its various communication channels in building the desirable and strong image of its products. Our recommendations for the company are mainly focus on how the company can integrate its marketing communications to deliver a clear and consistent message about the product’s image. Moreover, we have also identified some strategic issues of gray marketing activities and distribution channels along with our proposed solution.

Keywords: Automotive, Spare Parts, Marketing, Image, Marketing Communication
# TABLE OF CONTENTS

Front Page ............................................................................................................................................. i  
Statement of Purpose ......................................................................................................................... ii  
Supervisor Approval .......................................................................................................................... iii  
ACKNOWLEDGEMENT ......................................................................................................................... iv  
ABSTRACT ........................................................................................................................................... v  
TABLE OF CONTENTS ....................................................................................................................... vi  
LIST OF TABLE ........................................................................................................................................ ix  
LIST OF FIGURE ....................................................................................................................................... x  
CHAPTER 1 INTRODUCTION ................................................................................................................ 1  
  1.1 Background ....................................................................................................................................... 1  
  1.2 Problem Statement .......................................................................................................................... 2  
  1.3 Objectives ........................................................................................................................................ 3  
  1.4 Scope of Study ................................................................................................................................... 3  
  1.5 Method of Study .............................................................................................................................. 4  
CHAPTER 2 INDUSTRY AND COMPANY REVIEW ............................................................................. 6  
  2.1 Indonesia Automotive Industry ......................................................................................................... 6  
  2.2 Honda Automobile Operation in Indonesia ...................................................................................... 10  
  2.3 Honda Spare Parts Business ............................................................................................................. 15  
CHAPTER 3 THEORETICAL FOUNDATION ....................................................................................... 22  
  3.1 Consumer Behavior ......................................................................................................................... 22  
    3.1.1 Characteristics Affecting Consumer Behavior ........................................................................ 23  
    3.1.2 Buyer Decision Process ........................................................................................................ 28  
  3.2 Segmentation, Targeting, and Positioning ......................................................................................... 31  
    3.2.1 Level of Market Segmentation ............................................................................................. 31  
    3.2.2 Segmentation of Consumer Markets .................................................................................... 33  
    3.2.3 Market Targeting .................................................................................................................. 34  
    3.2.4 Positioning for Competitive Advantage .............................................................................. 36  
  3.3 Marketing Channels ....................................................................................................................... 38
3.3.1 Channel Behavior ................................................................. 38
3.3.2 Vertical Marketing System .................................................. 39
3.3.3 Horizontal Marketing System .............................................. 40
3.3.4 Hybrid Marketing System ................................................... 41
3.3.5 Motivating Channel ............................................................ 42
3.4 Integrated Marketing Communication (IMC) .......................... 42

CHAPTER 4 RESEARCH DESIGN AND METHODOLOGY .................. 47
4.1 Research Purpose ................................................................... 47
4.2 Research Objectives .............................................................. 47
4.3 Research Approach ............................................................... 50
4.4 Research Tactics ................................................................. 51

CHAPTER 5 SURVEY RESULT & ANALYSIS ................................. 53
5.1 End User Survey Results ....................................................... 53
  5.1.1 Customer Profile ............................................................... 54
  5.1.2 Customer Characteristics .................................................. 56
  5.1.3 Customer Buying Behavior .............................................. 59
  5.1.4 Image Perceptions .......................................................... 62
  5.1.5 Promotion Effectiveness .................................................. 63
5.2 Retailer Survey Results ......................................................... 66
  5.2.1 Product Supply ............................................................... 66
  5.2.2 Purchase Method ............................................................ 67
  5.2.3 Product Availability ....................................................... 67
  5.2.4 Pricing Strategy ............................................................. 67
  5.2.5 Promotion ................................................................. 68
  5.2.6 Availability of Non Original Products ............................... 69
5.3 Dealer Survey Results ........................................................... 70
  5.3.1 Product Availability ....................................................... 70
  5.3.2 Product Supply ............................................................. 71
  5.3.3 Pricing Strategy ............................................................. 71
  5.3.4 Promotion ................................................................. 72
LIST OF TABLES

Table 2.1 Indonesian Automotive Forecast ............................................................... 6
Table 2.2 Authorized Dealers’ Discounts ................................................................. 19
Table 5.1 End User Considerations in Selecting A Car ........................................... 60
Table 6.1 Summary of Marketing Communication Design for PT. HPM .............. 89
Table 6.2 Proportion of Marketing Activities in Promotion Mix ............................. 90
LIST OF FIGURE

Figure 2.1 Domestic Automotive Markets: 1997 – 2003 ........................................ 7
Figure 2.2 Automotive Market Share by Brand (2002)........................................ 8
Figure 2.3 PT. HPM Operation Structure .......................................................... 14
Figure 2.4 Parts Division Organization Structure ............................................. 16
Figure 2.5 Parts Division Sales Result Per Fiscal Year (in million Rupiah) .... 17
Figure 2.6 PT. HPM Value Delivery Network .................................................. 18
Figure 3.1 Consumer Behavior Model .............................................................. 22
Figure 3.2 Buyer Decision Process..................................................................... 28
Figure 3.3 Levels of Marketing Segmentation ................................................... 31
Figure 3.4 Three Alternatives of Market-Coverage Strategies......................... 35
Figure 3.5 Conventional Marketing versus Vertical Marketing ...................... 40
Figure 3.6 Hybrid Marketing Channel ............................................................. 41
Figure 4.1 The Research Design Process ........................................................... 49
Figure 5.1 Summary of Respondents Profile...................................................... 54
Figure 5.2 Honda Customer Profile ................................................................. 55
Figure 5.3 Customer Loyalties in Using Genuine Spare Parts ......................... 57
Figure 5.4 Reasons for Using Non Original Parts ............................................ 57
Figure 5.5 Customers’ Point of Purchase ........................................................... 58
Figure 5.6 Selections of Information Media ....................................................... 59
Figure 5.7 End-user Considerations in Selecting Car......................................... 61
Figure 5.8 Customer Reasons in Choosing Honda ............................................ 61
Figure 5.9 Customer Perceptions About The Quality of Honda Spare Parts .... 62
Figure 5.10 Customer Perceptions About Honda Spare Parts Price
(Compared to Other Brands) ..................................................................... 63
Figure 5.11 Respondent Perceptions About Honda ........................................... 63
Figure 5.12 Customers Recognition of Honda Spare Parts Products ............... 64
Figure 5.13 Public Recognition of Honda Spare Parts Advertisement.......... 65
Figure 5.14 Advertisement Media Recognized by Public ............................... 65
Figure 5.15  Honda Spare Parts Distribution Patterns and Discount Structure..... 69
Figure 6.1   IMC Model of PT. HPM ................................................................. 86
Figure 6.2   Combined Promotions Mix .......................................................... 90
Figure 6.3   Schematic Framework of Sales Promotion..................................... 94