

Chapter Case Study

Low End Versus High End Car **

Surveying the low-end car market, we found that some low-end cars of Chinese origin are now available in Bangladesh. These cars are small in size and have comparatively lower selling price. One such show room displaying low-end small cars of Chinese origin is located at the entrance of the Indira road. The company marketing these cars is HS Enterprise with their EMMA brands. It is worth mentioning here that in the year 1985 some low-end cars of Subaru brand came into Bangladesh, but the customer response was very poor, so ultimately the venture was unsuccessful. However, the Subaru brand has once again come to Bangladesh but this time around with their high-end cars. The response is favorable. The customers are not confused over the Subaru low-end and high-end car models, it was apparent.

Regarding the high-end car market in Bangladesh, it was found that several new show rooms have started their operations in and around Dhaka displaying the high-end cars. These cars are basically luxury and targeted towards the rich elite segment of the country. Most of these cars are imported from Japan. These are actually executive cars specially catering to the growing number of executives and business professionals in Bangladesh. Compared with European and American cars, Japanese cars have also got a brand advantage.

European and American cars are designed to suit their conditions. Moreover, Japanese car makers have gone further to add more value to their cars to suit Asian preferences. As a result, the latest car prices have gone up. This is also true for Bangladeshi car market. Previously, Japanese origin car price was around Tk. 5 to Tk. 6 lac per unit. Now because of the value addition its price has increased to Tk. 10 – Tk. 11 lac per unit. Considering the high-end car market price range is between Tk. 33 lac to Tk. 40 lac per unit.

One of the high-end car dealers REL Motors Ltd. Which is a distributor of Rang Motors located beside Aarong Bhavan told that they were selling high-end cars within the last mentioned range i.e., Tk. 33 lac to Tk. 40 lac per unit. REL Motors also said that they had formally launched operation on the 1st March, 2006 and had already sold 7 units of their high-end cars of Subaru brand having 2500 cc. They also have orders for 10-12 units of Subaru Imprezza, a high-end car.

Two other high-end car show rooms are Executive Motors and Rankon Motors located in Tejgaon Industrial Area. They are at the luxury end of the market with their BMW, Volvo and Mercedes brands, which are very costly in Bangladesh. This trend shows that, the disposable income of executives and professionals have gone up considerably.

** Source: The Business Bangladesh. Vol-3, Issue-6, March 2006. (p. 31-33)

Questions for Discussion:

1. Why did Subaru failed to grab local car market of Bangladesh initially with low-end cars?
2. Do you think Bangladesh is a prospective market for high-end cars?
3. How Subaru or other car marketer can popularize their low-end cars in Bangladesh?
4. Define a positioning statement for the company like Subaru and Indian car producers.
5. Which segmentation variable the car producers and dealers use at the time of segmenting car market of Bangladesh?

6. Which target marketing strategy provides the Japanese car producers competitive edge over other car producers of European and USA?

Further study:

1. Make a feasibility analysis for both low and high-end car in Bangladesh.
2. Show market segmentation and target market selection process for cars like BMW and Mercedes.