

## Chapter 1 Introduction

### 1.1. Background

Mazda is also an averagely known car brand which has gained popularity over the years owing to its modern designs, modern technology, and the love of driving. However, owing to the ever increasing Jakartan automotive market for premium automobiles as a result of increasing disposable incomes and the change of consumers tastes, it can be said that Mazda is at a crossroads. A high quality brand in terms of vehicles, Mazda's image is, however, that of a mid-range brand that offers sporty vehicles promising best value for money.. This perception has become a significant barrier to attracting high-end consumers who prioritize exclusivity, superior craftsmanship, and a distinguished brand image.

The growth of premium automobiles market in Jakarta has been bullish with the likes of Mercedes-Benz, BMW and Lexus there has been a turning trend. Based on Gaikindo, the values of the premium car in Jakarta was seen to grow by 15% year on year in the year 2023, with 30% of the market being Mercedes Benz, then BMW with 25% and Lexus with 15%. These brands have benefited from the uptrend as they have launched new models and increased the number of their dealers focusing on premium services, satisfying customer needs and ensuring the customers appreciate the brand.

Within this framework, the brand is confronted with a challenge associated with moving from a mid-range market segment to a premium one. This challenge becomes even more pronounced with the introduction of 7G models that are targeted to the upper layers of the automotive market, which is typically associated with European brands. There are some factors, however, that are crucial for this to happen: knowing what features are most valued by premium car buyers in Jakarta and the ways of enhancing customer experience through providing them with services and experiences they cannot access elsewhere and improving ways to sell to rich people.

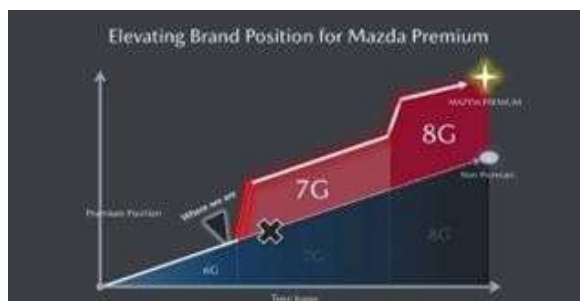


Figure 1.1. Mazda's guidance on future brand positioning with a set of line-up generations

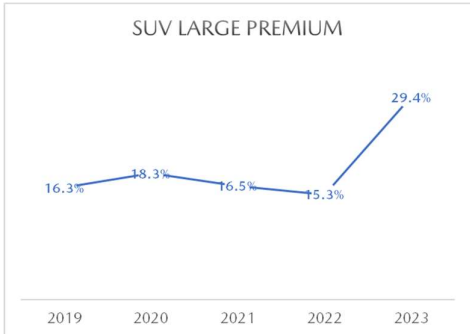
Mazda is now at a significant crossroads. The firm has universal aspirations and is getting ready to join the market segment. This development is not simple expansion of the company's brand name. Rather, it is the need to be more imaginative and the urge to turn away from the low-cost mass market. There is no doubt that Mazda has a vision: a vision that aims at those who cherish the same values promoted by Mazda and are ready to pay a premium for a car in accordance with their taste. The 7th Generation (7G) products are the response of Mazda to that vision. They are designed to occupy a certain space in the market.

**Market Analysis: Vehicle Trends (2019-2023)**

The total passenger vehicle market has consistently grown from 2019 to 2023, with significant increases in the total number of units sold yearly, from 10,188 units in 2019 to 16,875 in 2023.

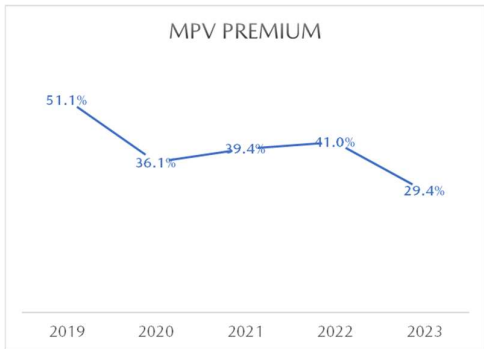
**Segment-Specific Trends**

- SUV Large: This segment grew substantially from 2022 to 2023, from 2,088 units to 4,961 units.



*Figure 1.2. SUV Large Premium*

- MPV: Sales fluctuated, reach the top at 5,591 units in 2022 and slightly decreasing to 4,954 units in 2023.



*Figure 1.3. MPV Premium*

- SUV Medium: This segment grew moderately, from 733 units in 2019 to 1,194 in 2023.

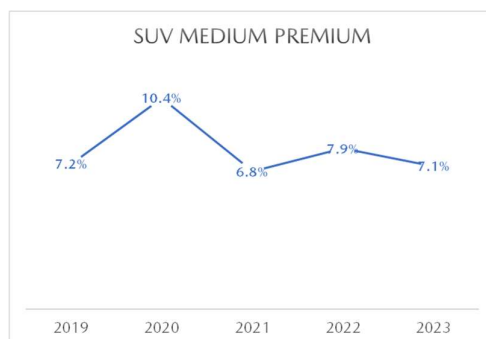


Figure 1.4. SUV Medium Premium

### Market Share and Segment Contribution

- The market share for vehicles within the passenger segment increased slightly from 1.3% in 2019 to 2.3% in 2023.
- Segment contributions have seen variations with significant increases in the SUV and sedan segments.

### Year-over-Year Growth

Each segment has shown different growth rates year over year. Notably, the SUV segments (large and small) increased significantly in 2023. The sports/specialty segment also showed a marked increase in 2023, indicating a rising interest in this category.

### Summary

The vehicle market has grown steadily, with notable increases in the SUV and sedan segments. The SUV Large segment has grown substantially, indicating a strong consumer preference shift towards larger SUVs. The overall market share of vehicles within the passenger segment has also gradually increased, reflecting the rising demand for vehicles.

## 1.2. Company Profile

The history of Mazda as a global player in the automotive industry can be traced back to its roots in Hiroshima in 1920. As for Indonesia's footprint started around the 1960s when the Indomobil group brought the brand to the archipelago. This partnership set the stage for Mazda's deepening commitment to the Indonesian market. Recognizing the brand's vast potential and growing similarity, Mazda Motor Corporation led directly by establishing Mazda Motor Indonesia from 2006 to 2016. We have witnessed a reinforced brand presence and deeper market penetration this decade.

In 2017, Mazda's management in Indonesia transitioned to the Eurokars Group, a prominent automotive company based in Singapore, under the supervision of PT. Over the

years, Eurokars Motor Indonesia, Mazda has gone through an enormous evolution. It has established itself as a prominent Japanese automotive brand and one of the country's leading high-end Japanese automobile brands. Eurokars Motor Indonesia (EMI) is an Indonesian operation that oversees and manages Mazda in Indonesia as well as being the exclusive distributor of Mazda in the country. After completing a transfer of distribution network and operation responsibilities, PT EMI took over the distribution activities from PT Mazda Motor Indonesia (MMI) on 1 February 2017. The operations of distribution and dealership activities is under the management of Eurokars Group, which also ensures the availability of all the services provided in the showrooms, such as sales, service and spare parts (3S).

### **Vision and Mission**

#### **EUROKARS GROUP VISION & MISSION**

Propelled by our unwavering values of passion, commitment, and dedication, Eurokars Group has emerged as a leading powerhouse in the Southeast Asian automotive landscape since 1985. Guided by our dynamic vision and mission, we are ready to continually redefine and elevate regional experiences.

#### **VISION**

To deliver excellence through passion and lifelong stakeholder relations towards a sustainable future.

#### **MISSION**

To drive stakeholder values with honesty and integrity, deliver unparalleled ownership experiences, foster life-long relationships, and positively contribute to the communities in which we operate.

### **Corporate Culture**

The corporate culture of Mazda Indonesia guided by Chief Operating Officer and the parent company Eurokars Group is characterized by a number of core values and practices, which are as follows:

- 1) **Customer Satisfaction:** All activities and policies at Mazda Indonesia aim at achieving customer satisfaction. It means that everything is done with the customers in mind. The customer-first approach is the very reason why there are goods and services to offer customers – to meet market demand and to exceed their expectations.
- 2) **Innovation and Excellence:** The company upholds themes of innovation and excellence. It espouses improvements as well as the use of new technologies. This is synonymous with the deployment of SKYACTIV technology which are engine, transmission, body, and chassis improvements allowing to make better cars.

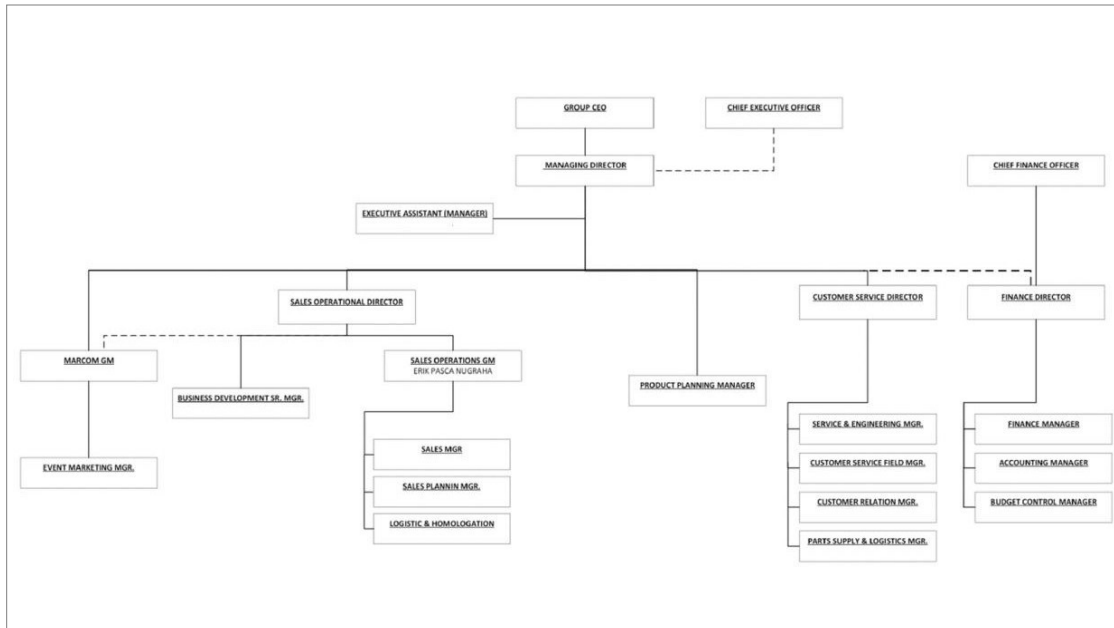
- 3) **Quality and Craftsmanship:** There is strong commitment to quality and craftsmanship at Mazda Indonesia and idealistic concepts of Japanese design such as ‘Kodo—Soul of Motion’ and ‘Jinba-Ittai’ influence this. Such philosophies have the essence of the bond formed between the car and the driver as well as the beauty of motion in design ensuring that each car is functional and artistic.
- 4) **Integrity and Trust:** Integrity is a core value demonstrated through transparent and ethical business practices. This was particularly evident during the COVID-19 pandemic when Mazda Indonesia maintained its sales targets despite industry challenges.
- 5) **Community Engagement:** The company also has community engagement as a core value and seeks to impact the societies where it operates positively. This is in line with their wider perspective of corporate social responsibility which also involves the environment and ensuring community participation.

So, the healthy functioning of the Indonesian automotive market has been possible due to the strong internal culture of Mazda Indonesia which focuses on commitment to innovation, customer satisfaction and quality, practice of integrity and engagement into the community.

Mazda’s transition to becoming a premium brand involves addressing significant challenges in market perception, customer experience, and sales effectiveness. The responsibility for overseeing this strategic shift lies with the CEO, who serves as the problem owner. Given the substantial organizational changes required, the CEO’s role encompasses directing cross-functional alignment, allocating resources, and ensuring the execution of initiatives designed to elevate Mazda’s brand positioning. As the highest decision-making authority, the CEO is pivotal in setting strategic priorities, monitoring implementation, and steering the organization toward achieving its premium market aspirations.

The CEO directly supervises the strategy development and implementation processes while ensuring all departments align with the overarching objective of transitioning Mazda into the premium market segment. This responsibility includes monitoring key performance metrics and fostering inter-departmental collaboration to achieve the company’s strategic goals. The CEO coordinates across departments to align objectives with Mazda’s premium market ambitions and ensures accountability at all levels.

## Organization Structure



*Figure 1.5. Organization structure*

## Business Field and Line of products

Mazda Indonesia is offering a variety of vehicle models, from SUVs, hatchbacks, sedans, and even roadsters/sports models. The models line up as follows:

Model	Segment	Sub Segment
<b>CX-3</b>	SUV	Small SUV
<b>CX-30</b>	SUV	Medium SUV
<b>CX-5</b>	SUV	Medium SUV
<b>CX-8</b>	SUV	Large SUV
<b>CX-9</b>	SUV	Large SUV
<b>CX-60</b>	SUV	SUV
<b>Mazda2 Hatchback</b>	Hatchback	B Hatchback
<b>Mazda2 Sedan</b>	Sedan	B Sedan
<b>Mazda3 Hatchback</b>	Hatchback	C Hatchback
<b>Mazda3 Sedan</b>	Sedan	C Sedan
<b>Mazda6</b>	Sedan	D Sedan
<b>MX-5</b>	Sport	Sport

*Tabel 1.1 Business Field and Line of Products*

This thesis aims to analyze the moves taken by Mazda in becoming a premium brand with particular reference to an SUV, CX-60. CX-60 is the first model for this segment from Mazda which introduces advances, quality craftsmanship and enjoyment of driving. The study aims to discuss the possible tactical measures that can be taken by Mazda in order to enhance its reputation and participate effectively in the automobile market. It seeks therefore to suggest how to win in the very fierce and challenging car market particularly in Jakarta.



*Figure 1.6. Mazda CX-60 Figure*

Mazda CX-60 is an SUV recently launched in Indonesia that leans towards performance. It uses a 3.3L inline 6-cylinder turbocharged unit with the aid of a mild-hybrid motor where power output is rated at 280 hp and torque is 450 Nm. Attached to this engine is an 8 speed automatic and comes equipped with an all-wheel drive system. It measures 4,740 mm in length, 1,890 mm in width, and 1,686.5 mm in height while the wheelbase is 2,870 mm long.

The interior is fully equipped with luxurious fabrics such as Nappa leather in pure white or tan colors complete with a 12.3 inch TFT screen displays a Heads up display, Ambient lights, and a 12 bone Bose sound system The exterior features include LED projector head lamps, unique grilles design and 20 inch alloy wheels as well 2020 2025 2026.

Another key piece of technology is the integration of driving modes and driving safety features that belong to the i-Activsense such as adaptive cruise control with lane keep assist and driver monitoring system also known as the Mazda Intelligent Drive Select Mi-Drive. Priced at around Rp 1,188,800,000 On The Road Jakarta, the CX-60 is available in two variants Elite and Kuro variants, both offer unique style and functional differences.

Mazda Indonesia conducts its business with strong customer orientation. Furthermore, several sales connected functionalities are available on its corporate website

### Website and social media

Mazda Indonesia has an official website and social media accounts to interact with customers, provide information about services and promotional programs, answer customer questions, and respond to complaints. The following is the official Mazda Indonesia website and social media accounts:

Website / social media	Account Name	Followers
<b>Official Website</b>	<a href="http://www.mazda.co.id/">http://www.mazda.co.id/</a>	
<b>Facebook</b>	Mazda Indonesia	160K
<b>Instagram</b>	mazdaid	148K
<b>YouTube</b>	mazdaindonesia	5.9K
<b>X/ Twitter</b>	@MazdaIDofficial	24.5K
<b>Tiktok</b>	mazdaid	7.5K

Table 1.2. Website and social media

### **1.3. Business Issue**

Mazda's primary challenge in Jakarta lies in its market positioning. Despite producing quality vehicles, the Mazda brand is not perceived as a premium one, creating a significant perception gap. This issue undermines Mazda's efforts to attract buyers of premium cars who prioritize exclusivity, service quality, and prestige.

The competitive landscape exacerbates this challenge, as established high-end brands such as Mercedes-Benz, BMW, and Lexus dominate the premium segment in Jakarta and surrounding regions. Their entrenched market presence makes it imperative for Mazda to differentiate itself through enhanced customer experiences and sales effectiveness.

To address this issue, the responsibility lies with the CEO, who serves as the problem owner. The CEO must direct cross-functional efforts to realign Mazda's positioning strategy. This involves leveraging insights from industry analysis (e.g., the I/O model) to refine brand perception and implementing initiatives that enhance dealership experiences and customer service quality. Mazda must aim to close the perception gap by focusing on measurable outcomes such as improved brand awareness, increased customer satisfaction scores, and higher conversion rates in the premium car segment.

### **1.4. Research Objective and Research Questions**

The primary challenge for Mazda's operations in Jakarta lies in its current market positioning. While Mazda manufactures high-quality vehicles, the brand struggles to gain recognition as a premium car manufacturer. This perception gap is particularly problematic as Mazda aims to attract customers seeking exclusivity, superior service quality, and a prestigious brand image. Compounding this issue is the strong presence of established premium brands such as Mercedes-Benz, BMW, and Lexus, which dominate the segment in Jakarta. Mazda must, therefore, develop and execute strategies to improve brand perception, focusing on customer experience and sales excellence.

#### **Research Questions:**

1. What specific motives do car buyers in Jakarta consider most important when choosing a premium car brand?
2. How does Mazda's current brand perception compare to established premium brands such as Mercedes-Benz, BMW, and Lexus?
3. What key factors drive brand equity and brand loyalty among car buyers in Jakarta?

4. How can Mazda enhance its customer experience, after-sales services, and overall brand image to compete in the premium segment?
5. Does Mazda possess all the necessary elements to qualify as a premium brand, and what gaps need to be addressed?

### **Research Objectives:**

1. To identify the key motives valued by car buyers in Jakarta.
2. To assess Mazda's current brand perception relative to competitors in the premium segment.
3. To evaluate the factors that drive brand equity, loyalty, and closeness for car buyers.
4. To provide strategic recommendations for Mazda to improve its brand perception, focusing on customer experience and service excellence.
5. To analyze Mazda's readiness to compete as a premium brand and identify areas for improvement.

## **1.5. Research Scope and Limitation**

### **Scope:**

- The research focuses on the car market in Jakarta, with a specific emphasis on understanding the motives and preferences of car buyers.
- The study employs an Analytical Hierarchy Process (AHP) to identify the key motives that car buyers prioritize and a quantitative survey to gather data on brand perception, brand equity, brand loyalty, and brand usage.
- The survey targets individuals who own at least one car in their households in Jabodetabek. These respondents are decision-makers in car purchases and belong to the middle-to-upper socioeconomic segment (SES AB).
- The study also examines Mazda's positioning relative to competitors, specifically evaluating its readiness to compete in the premium car market.

### **Limitations:**

- **Small Sample Size:** The research includes 50 respondents. The sample size of 50 is adequate for exploratory research, as it provides initial insights into the target market's behaviors and perceptions. The margin of error for general proportions is approximately  $\pm 13.9\%$  at a 95% confidence level. While this margin is relatively high compared to larger samples, it is sufficient for exploratory insights. According to **Sugiyono (2017)** in *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*, smaller sample sizes are acceptable in exploratory studies, provided the sample is well-targeted.

- **Potential Respondent Bias:** Prior to data collection, pre-testing the questionnaire to ensure neutrality and avoid guiding respondents toward specific answers. This process included refining the phrasing and structure of questions to maintain objectivity and improve the reliability of the collected data.
- **Regional Constraints:** Insights are constrained to the Jabodetabek market and may not fully reflect consumer perceptions in other regions of Indonesia. However, the region's premium market characteristics are expected to align closely with national trends.
- **Market Dynamics:** The study does not account for rapid shifts in the premium automotive sector, such as emerging competitors or evolving consumer preferences, which may impact Mazda's positioning over time.