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Modern car marketing

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Abstract: The article “Modern car marketing” by Zlatova I.A. contains the research of the world automotive market, in particular the most successful car brands and their marketing mix. Price policy of the companies, having the biggest world market shares a special attention is paid to. This research is dedicated to describing current world marketing trends. The main aim of the article is to determine new marketing methods of increasing car sales.

Keywords: automotive marketing, world car market, car branding.

Marketing passed the way from the production concept to societal one. So that modern car marketing differs from the marketing of the XX century. And nowadays it is always changing, adapting to demand, new technologies and other factors. The goal of this research work is to find out new effective

trends of modern marketing. Some marketing experts consider that car promoting must include 70:20:10 allocation model. It means that 70% of advertising budget should be spent on low-risk media options, 20% on innovation channels, which worked in the past, and 10% on high-risk marketing chan-

nels, involving new ideas. [1] This model allows predicting the financial result. But if all firms followed the same strategy, all of them would attract the same number of customers. It does not correspond the reality. So finding a new model becomes necessary. The analysis of marketing mix of the most profitable and successful brands will show the most effective marketing strategy.

Profit volume determines marketing efficiency. But profit depends on the margin. Such car brands as BMW and Volkswagen have different margins. That's why car brands must be segmented by price to exclude price impact on the marketing efficiency determination.

Market segmentation is a marketing strategy that involves dividing a broad target market into subsets of consumers who have common needs, and then designing and implementing strategies to target their needs and desires using media channels and other touch-points that best allow to reach them. There is a basis of market segmentation consisting of segmentation by gender, age groups, income, occupation, marital status. The most important segmentation in car marketing is segmentation by income, specifically by car price.

Car is the specialty good in the good classification; it costs a lot, so customers choose cars very clearly. Income of customers is a very important factor. You can change your preferences, choosing class of the car, motor type, color, body type. But you can't change your income, so you choose a car in the appropriate price category. This is a reason to divide car brands on a low and a mid price, a high price and a premium price segments. We will find

market leaders in each of these segments, using their market shares, calculating the number of cars sold in 2012. Then we will analyze each marketing mix of three car market leaders. We will consider companies with significant market shares such as Toyota Motor Corporation (including Toyota and Lexus), General Motors (including Chevrolet), Volkswagen Group (including Audi, Volkswagen, Bentley, Skoda, Seat, Porsche) and other brands with high level of consumer awareness in Europe and the other parts of the world such as Honda, Subaru, Suzuki, Mitsubishi, BMW Group (including BMW, Mini, Rolls Royce), Mercedes-Benz, Ford, Mazda, Kia, Hyundai, Nissan.

According to the information from the annual reports approximate price ranges of the most popular brands vary from \$11900 to \$752000. Detailed price ranges by brands are shown in the Chart No. 1.

According to this Chart the first price segment from \$11800 to \$115000 is represented by such brands as Skoda, Nissan, VolksWagen, Seat, Chevrolet, Hyundai, Ford, Suzuki, Kia, Toyota, Mazda, Honda, Mitsubishi, Subaru, Mini, the second price segment from \$28000 to \$375000 includes such brands as Audi, Lexus, Mercedes-Benz, Porsche and the third price segment from \$171000 to \$752000 is represented by BMW, Bentley, Rolls Royce. This segmentation is approximate, because price range depends on the class and the model of a car, equipment and accessories, manufacturing country and purchasing country, taxes and other factors.

The volume of sales in each of segments is represented in the Chart No. 2.

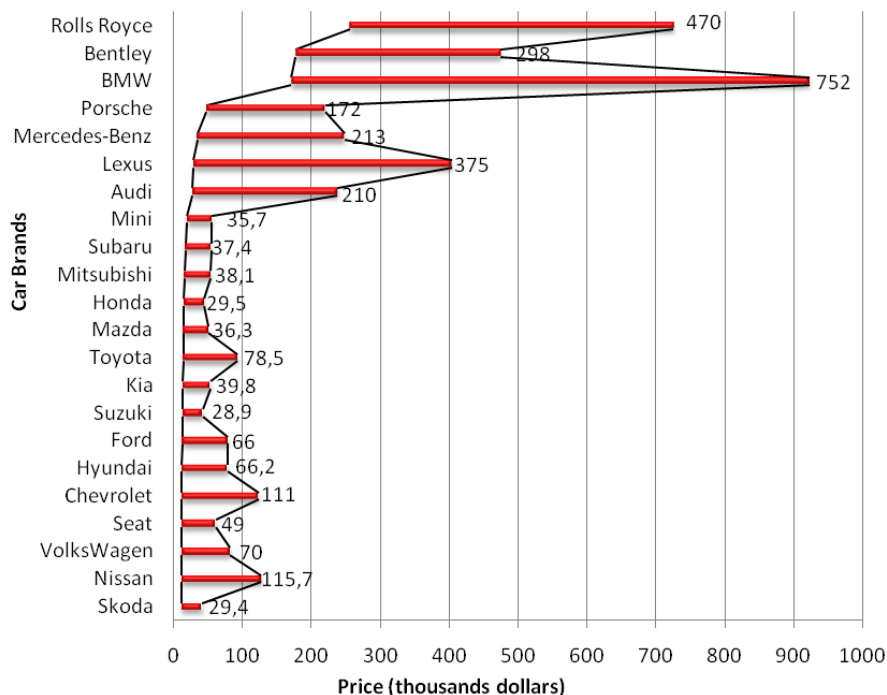


Chart No. 1. Price ranges of the 22 car brands of the world for 2013.

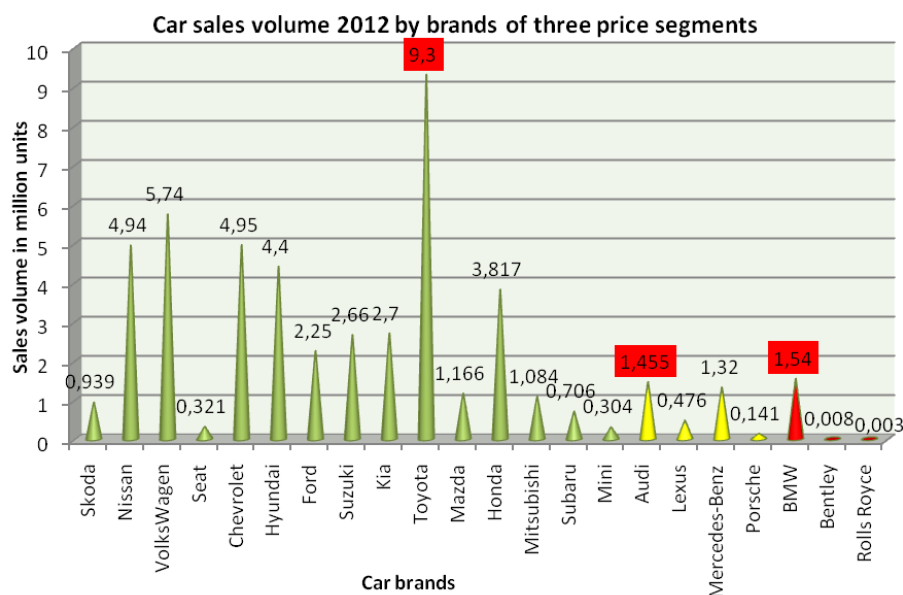


Chart No. 2 Volume of sales by brands for 2012 calendar year in million units

The leader of the first price segment is Toyota with its 9 million units sold, the second segment leader is Audi with its 1,455 million units sold (belongs to VolksWagen Group one of the top companies of the world which took the third place with 9,09 million units sold), the leader of the third segment is BMW with its 1,54 million units sold (belongs to BMW Group). Toyota belongs to Toyota Motor Corporation the world sales leader according to 2012 calendar year results. This corporation take the first place with its 9,75 million units sold. The second place in the world is taken by General Motors (represented by Chevrolet, GMC, Cadillac, Buick) with its 9,29 million units. But these brands are not popular in Europe except Chevrolet (4,95 million units), which can't compete with Toyota in its price segment.

Starting marketing mix analysis it is important to notice that Toyota is a Japanese company. It is associated with the high technologies, quality and innovations. Toyota is famous for its hybrid cars and highly represented societal marketing activity. Turning to 4 P's let's consider product of Toyota, including several hybrid car models. Company works at decreasing CO₂ emissions from production and ISO certification. Wide price range from \$14000 to \$78000 gives a possibility to cover different price segments and to meet a demand of the basic consumer groups. So Toyota can be classified as the mass market brand. Place conception implies logistics and distribution. The company relies on dealer networks to sell cars and to do services. Logistic systems optimize route and transport choices. Toyota promotes next generation vehicle technologies. Toyota takes part in motor spots and motor shows. Sponsorship of sports competitions is also a chapter

of marketing spending. This corporation has a close connection with society by holding various contests and events. One of them is Toyota Dream Car Art Contest. Toyota presents at social media such as Facebook, YouTube, Google + and such applications as Social Network Racer, ToyToyota, Hybrid Ninja and 86 World Report. Key word describing Toyota's strategy is KAIZEN – continuous improvement. The company follows the slogan “Think globally, act locally”, developing special marketing mix for each of the regions. All of these factors earn Toyota brand \$30 billion value reputation. Toyota has different slogans for the basic models, one of them is “Toyota Moving forward”.

The second and the third segments belong to luxury brands. Different car models of these two segments have different degrees of luxury from the premium to the ultra-luxury degree. Differences between cars affect their prices. The second segment leader is Audi. This brand is the quintessence of several brands merged into one. Being a German brand Audi is famous for its high technologies and strong management systems. Audi slogan is “Advancement through technologies”. Product policy involves investments in the innovations and new models creation. Price policy allows customers who have mid income to become owners of the famous car brand. Places of sales are located all over the world covering the deepest markets. Advertising campaigns always have brand style. Audi “four rings” is one of the most famous logo. The positioning of Audi as a luxury cars dictates branding marketing strategy.

The third leader is BMW German car as well. Strengths of BMW is CRM concept, skilled work-

force and new environmental technologies. These characteristics are common with Toyota, so it is not surprising that these car brands work at new vehicles with joint efforts. Product is oriented to innovators and conservatives at the same time because BMW cars combine German traditions and new technologies. Price of BMW cars shows the status and makes BMW attractive for all categories of consumers. Strong presence at Chinese market gives BMW increasing volume of sales. Promotion is classic for ultra-luxury brand. BMW slogan is “The ultimate driving machine”.

Now we can sum up all modern marketing measures for increasing car sales:

1. Clear positioning. It means that marketing must be clearly focused on the target audience.
2. Following Consumer relationship management and Societal marketing concept including Green marketing. Environmental friendly technologies became popular at all kinds of markets.
3. Innovation process and new models creation are important for attracting new customers.
4. Entering new developing markets.
5. Creative slogan and logo redesign.
6. Regional marketing policy.

LITERATURE

1. Nick Bull Marketing cars: Change media gear // Ad-map - February 2013
2. Toyota Motor, General Motors, VolksWagen Group, BMW Group and other mentioned car brands Annual Reports 2012.

Златова И.А.

Современный автомобильный маркетинг

Аннотация: Статья содержит исследование мирового автомобильного рынка, в частности наиболее успешных автомобильных брендов и их комплекса маркетинга. Особое внимание уделяется ценовой политике компаний, занимающих наибольшую долю рынка. Данное исследование посвящено описанию современных мировых маркетинговых тенденций. Главная цель статьи состоит в определении новых маркетинговых методов увеличения продаж автомобилей.

Ключевые слова: автомобильный маркетинг, мировой автомобильный рынок, автомобильный брендинг.