

2014

BioTechnology

*An Indian Journal***FULL PAPER**

BTAIJ, 10(14), 2014 [7750-7756]

The research on automobile marketing channel management model

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ABSTRACT

According to data displayed by China Automotive Industry Association, the sales of automobile in 2013 is 120 million around the world, in which Chinese cars account for 19 million, ending up in the world's first place with a rate of four percent. Private car ownership in China has exceeded 100 million currently, which confirms China's status as a big automobile country. China will become the world's largest automobile potential market and ranks second in the world automobile market, therefore the market opportunities in China's auto market is unprecedented. As the automotive industry is speeding up the process of survival of the fittest, automobile marketing is essential for any brands, distributors and operators. How to sell a car and how to do marketing depends on the marketing talent and team execution ability. By mastering advanced marketing strategies, they are more likely to occupy a larger share of the market. The article firstly introduces related concepts, as well as automobile marketing mode, and at last put forward relevant proposals and measures by going through the dealers' competitive research.

KEYWORDS

Auto marketing; Consumer market; Dealers; Competitiveness.



INTRODUCTION

As China's auto production and sales continue to refresh the record, all major auto makers are at an accelerated speed to build mega-automakers and mega models, especially those well-known enterprises like Toyota, Volkswagen and the like which have already sold more than a million units. In order to make consumers know more about his own car models, accept the car culture of the company, and eventually recognize the company's products, all automobile companies must have a marketing strategy through market analysis, specific analysis of the major competitors and completing targeted marketing side, so as to achieve the desired sales.

Marketing channels is a bridge linking businesses and markets and is the most direct channel of communication with the customer. As early as late in the last century, there have been the marketing masters putting forward marketing ideas, such as Jerome McCarthy (Jerome McCarthy)^[1], Philip Kotler (Philip Kotler)^[2] have put forward the famous "4P" classical marketing mix model, namely Product, Price, Place, and Promotion. Modern marketing theory, as the most epoch-making change, has become part of the automobile enterprise marketing channel management ever since, expanding a field far broader than selling. A good model of marketing channel management is the best way to help automakers and dealers strengthen profit model.

THEORIES OF MARKETING CHANNEL MANAGEMENT

Marketing channels

The original idea of marketing channel refers to the businesses or individual that acquire ownership or acquisition of goods or services when such commodity move from producers to consumers. In simple terms, it is the specific channels or paths during the process of transferring goods and services from producers to consumers. Automotive marketing means automotive market research, analysis and competitive research in order to provide consultation for enterprise production and management decision-making and automobile products marketing.

Marketing channels are typical products of the market economy. Since 1920s, there have been scholars in the west who proposed the research and elaboration of marketing channel. Main theoretical definitions are listed in TABLE 1.

TABLE 1 : Definition of marketing channel

introducer	Marketing definition
Phillips Kotler	Individuals or institutions that obtain products or assist in the transfer during the process of transfer products or services from producer to consumer, including "those businesses and individuals that produce, distribute and consume certain goods or services in collaboration" ^[3-4] .
Stern and EI-Ansary	Consists of a set of interrelated organizations which will enable smooth use or consumption of the products or services. It needs to be in the right place, time, and offers the right product at a proper price to satisfy consumers ' needs ^[5] .
United States Marketing Association (AMA)	Through internal and external agents and distributors, the enterprise made the products on to the market.
Potter. Rosenblum	business organizations that is associated with the company's outside and will achieve distribution objectives
Kendifu (E.W.Cundiff) Steele (R.R.Still)	The pathways of a product moving directly or indirectly from ownership of producers to consumers ^[6] .

As can be seen from the table, marketing channels can generally be divided into two versions: one is organization and the other paths.

Competition theory

Competitiveness refers to the general ability the participants showcase in a competition or comparison of two or more parties. It is a relative indicator and must be expressed through competition. Competitiveness are generally weak or strong, but it is very difficult to accurately measure enterprises' competitiveness. The core competencies of car dealerships are in terms of brand, product, customer satisfaction, perseverance, philosophy, after-sale service and so on.

With the slowing growth of the automobile market as a whole, the traditional service of car makers and distributors is moving gradually towards meager profit, which leads to the "strategic reconstruction" of the future option for production and development. Automakers and dealers must engage in strategic partnerships and adjust marketing strategies to establish an overall loyalty marketing system and stimulate potential demand for cars in order to achieve the ultimate goal of improving the competitiveness of enterprises.

DEVELOPMENT OF AUTOMOBILE MARKETING CHANNEL

Common foreign auto sales channels

Through the analysis of automobile marketing channel, we can find that they adopted different auto sales channels, with the existing main sales models of [7-8]: The European model (containing 4S shop, unified markets in all European countries), the Japanese and Korean model (independent distributors, manufacturers investment dealers), a United States model (coexistence of 4S stores and franchise stores). Detailed analysis is shown in Table 2.

TABLE 2 : Comparative analysis of foreign channel sales model list

	United States models	Japanese and Korean model	The European model
1, the institutions of distribution channels	There is no secondary agents	one county one shop mode	Commonly adopted secondary agents
2 the force of distribution channels control	producers and agents have greater autonomy in the choice-making and operate in a larger variety.	Manufacturers control about one-third shares of the agents, close relationships, and can only operate products from one brand	Both sides relied on traditional cooperative relations and can operate different brands of products
3, costs and profits	Low distribution costs, lower agents profit	Higher distribution costs, minimum dealer profit	Low distribution costs, lower agents profit
4, customer service	Four-in-one, highest service levels	Four-in-one, low food and service satisfaction	a small services range, but high satisfaction
5 major representatives	Ford, General Motors, Chevrolet, Jeep, Lincoln, Cadillac, etc.	Nissan, Toyota, Honda, Lexus, Mitsubishi, and Hyundai	, BMW, Mercedes-Benz, Porsche, Volkswagen, signs and so on

Domestic automobile marketing channels

With China's entering into the World Trade Organization, the domestic auto industry has been hit by the huge impact. Chinese auto tariffs continue to decrease, which eventually reduced to 25% and auto parts is as low as 10%, creating a suddenly increased competition in the domestic auto industry^[9]. The one that is most seriously largest affected the impact is automobile marketing channel. thus making the car industry the industry focus and complicated the problem. In order to adapt to the impact of foreign automotive markets, some advanced western marketing strategy must learned and studied in domestic.
[10-13]

Our current main automobile marketing channel modes are slowly converting from the original brand shops form to franchise, namely 4S shop (Sales, service, and Spare parts, Survey) and then began to grow. As shown in Figure 1.

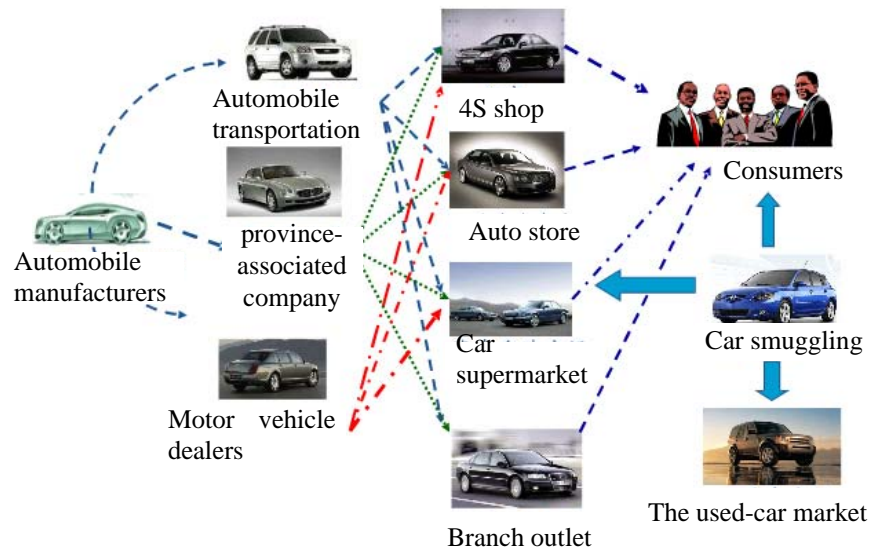


Figure 1 : Current major Chinese automobile marketing mode

As shown in Figure 1, the leading automobile channel mode in Chinese is divided into general agent (mainly on imported cars), regional agent system (early model), franchise system (standard mode) and retail (sales of four-in-one form).

Among which 4S models is much preferred by the consumer due to better completion of the brand's display and complete after-sales services. Automobile 4S shop has the following advantages:

(1) Luxurious, comfortable and elegant car showroom with more features.

(2) Complete parts warehouses and repair shops which ensure service continuity, effective collaboration and shortened work flow.

(3) Repair shop has humanized space and equipment and diagnostic testing equipment of high efficiency and high-precision.

(4) Adaptation of the parts warehouse with advanced management models and manufacturers connection to guarantee accurate orders, fast storage and flexible settlement.

(5) Establishment of computer system realizes inside and outside the network connection with auto sales, parts supply, reception and settlement services, and business management systems.

RESEARCH ON MANAGEMENT MODE OF AUTOMOBILE MARKETING CHANNEL INTEGRATION

At first, the establishment of China's car selling channels mainly based on the introduction of successful management models of foreign countries. Though a fortune has been spent on building a whole completely the same marketing channels, the harvest was very unsatisfactory. The reason is when faced with advanced methods of marketing channel management, though there is high standard, it is difficult to implement due to poor execution. Although there are a variety of assessment methods, training programs for improving employee qualities is small in number and there is a lack in theoretical research. Only an automobile marketing channel management mode that is established on the practical situation of the domestic auto market will work.

From the macro aspects of the integration of car marketing channel management mode, first we have to establish a full set of national legal regulations to change the unequal status of car dealer and car manufacturers; second we will develop a unified pattern and establish a modernized car trade Park to further standardize car sales market; last we need car manufacturers to change their existing of profit structure and reallocate existing car sales profit margin to make dealers have more energy when facing customer service and therefore improve customer satisfaction degrees.

From a micro perspective, we can use the 6Sigma managing idea, that is, define, measure, analyze, improve, control of the five aspects of research on automobile marketing management mode. Integrated framework shown in Figure 2.

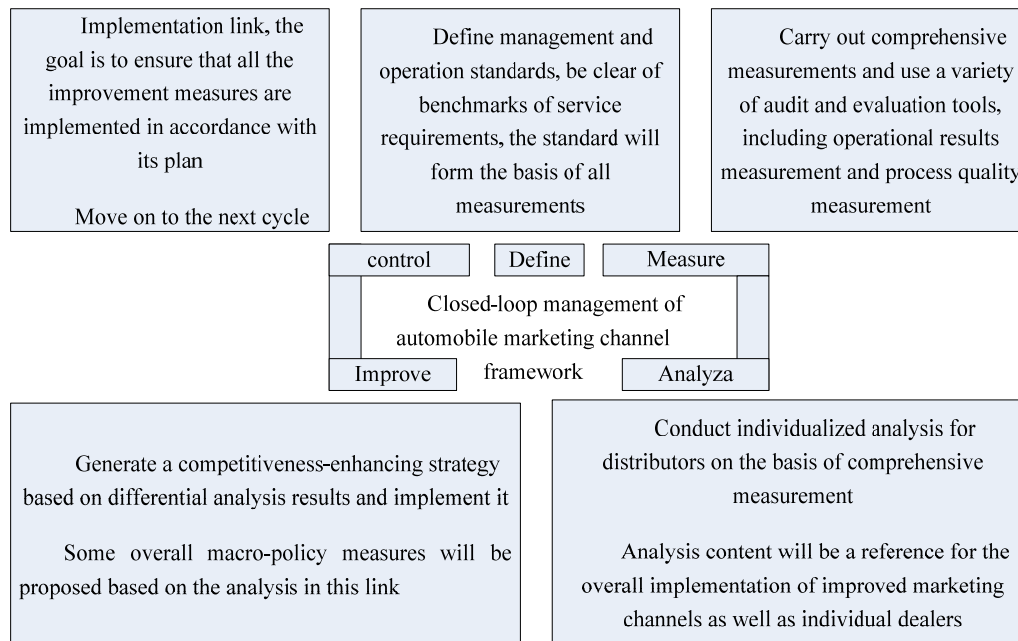


Figure 2 : Schematic diagram of automobile marketing channel management integration framework

Specific integration framework read as follows:

(1) Definitions refer to determining how to meet customer satisfaction, determine strict routine management practices and implement a standardized management system that restrains dealers and at the same time, determine long-term partner relationships with dealers, share the risk and face market changes together.

(2) Measure means to establish an objective customer satisfaction measurement system that depends on constant and scientific measurement and evaluation which will feed back the information efficiently and timely, confront rapid market changes and give dealers more objective and structured assessment to increase the trust of dealers.

(3) Analysis means that we cannot stay on the surface of the accurate measuring results, but we should determine the underlying problems, identify weaknesses in the marketing channel, and analyze the causes affecting the competitiveness of dealers.

(4) Improvement means implementation of the corrective action and determining the time for it based on the identified problems and reasons. We cannot replaced management by assessment. We must counsel the dealers who can be improved by focusing on teaching them how to operate according to standards. Differences need to be reflected in different areas, so improvement can be achieved on an individual basis and issues should be resolved one by one.

(5) Control means that in order to prevent the problems, dealers must follow up on the implementation of the corrective measures, solidify the improvement methods and exert proper pressure on dealers and at the same time give them more benefits.

STUDY ON THE IMPROVING COMPETITIVENESS OF CAR DEALERS

When facing the complex marketing environment, the competitiveness of car dealers in this battlefield is particularly important. By elevating the car dealer's comprehensive competitiveness, automobile marketing channel can be improved. Competitiveness not only contains tangible hardware, sales and so forth, but also includes auto dealers' loyalty.

The abilities of auto dealers

Ability typically includes five indicators of direct sales, customer experience, financial capacity, human resources capacity, organizational capacity. In order to enhance the capacity of auto dealers, we have to carry out an all-around research, identify the short board and make a targeted change.

Mathematical model of the five indicators forms the ultimate car dealers' ability: Auto dealer's capacity = direct sales *30%+ human resource *15%+ organizing *15%+ financial *20%+ client's experience *2%.

Auto dealer loyalty

Car dealer loyalty generally consists of five indicators of corporate credit, special normative implementation, funding, marketing, brands maintains.

Mathematical model are as follows: auto dealer loyalty =Credit *20%+ brand maintenance *20%+ marketing *20%+ funds*20%+ execution *20%.

By combining 4.1 and 4.2, you can get a car dealers ' ability evaluation system, as shown in Figure 3:

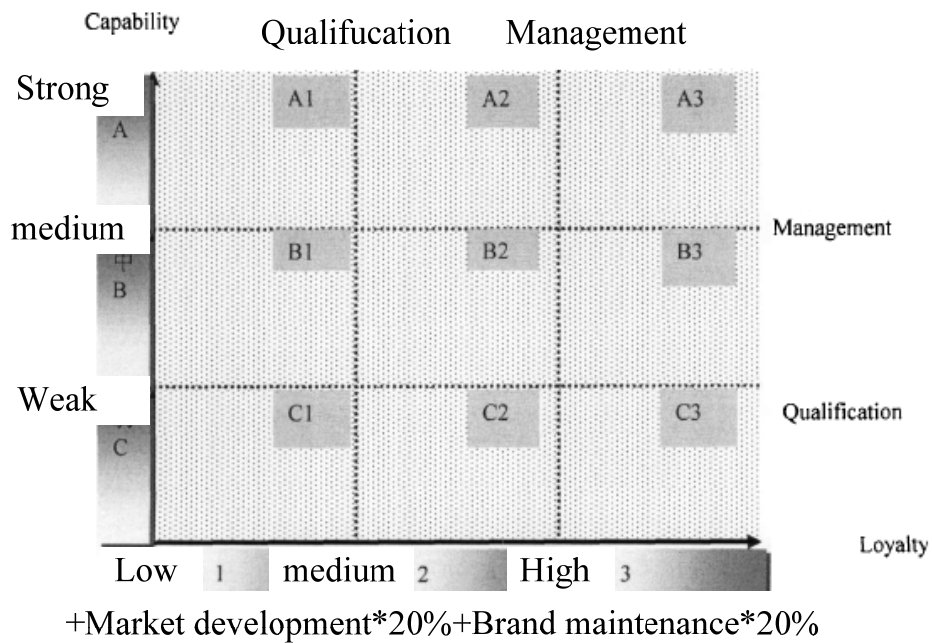


Figure 3 : Auto dealer competitiveness evaluation system

Auto dealer competitiveness improvement strategies

The most favorable mark differentiate you from other dealers is to create an excellent car dealership, set up first-class service standards and achieve the highest customer satisfaction mainly by implementing the five strategic measures to improve the competitiveness of dealers,

(1) Direct sales capability: Strengthens the management and training of sales staff and improve the sales system, and build a complete market intelligence analysis system to keep abreast of changes in the market.

(2) Customer service capability: From a customer's point of view, we have to change the original focus on the sales performance rather than the after-sales service. We have to strengthen supervision and audition of all aspects of after-sales service, improve personnel training services and step up dealer service capability through the PDCA method.

(3) Financial capacity: We must start with the basics and address the phenomenon of mixed dealer finance to improve dealers' satisfaction with the financial capacity and give dealers more benefits.

(4) organizing capacity: We will build a rationalized organization structures, change based on the realities, reduce the waste of human resources, improve operational efficiency and management level, and offer employees easy accesses to consumption and understanding consumer needs.

(5) Human resource capacity: We have to strengthen the training for employees, make the individual employee's capabilities rise and agree with the philosophy of the company, and continue to intensify targeted training work so as to establish an efficient team.

CONCLUSIONS

Just for more than 10 years since China's entering into WTO, China has rapidly developed into an automobile production and sales power and is also the most active and promising markets. What we need to do is raising the level of the product, using a new type of automotive marketing management so as to get rid of problems of low profitability and product attractiveness.

In order to meet the demand of fast-growing auto market, while in the case of the already-saturated marketing channels in central cities, we must increase the number of automobile marketing channels, vigorously develop marketing channels in three or four tier cities and allow more flexible marketing channel mode in the future we should. Both automobile manufacturers and dealers are in need of a complete and unified layout and group management to strengthen the strategic management of enterprises and strengthen their training system and establish a talent system with th help of Western marketing channel models, so they can meet the continuously increasing consumer demand, promote the stable and rapid development of automobile marketing channel and increase dealers competition.

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