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The study of the integration of automotive marketing channel management and the promotion of distributor competitiveness

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ABSTRACT

With the continuous development of modern technology and continuous progress of globalization, the competitive environment in the automotive industry has undergone enormous changes. Compared with developed countries, the speed of development of China's automotive industry is still relatively slow; the industry is still in its infancy. The main reason we fall behind is that the marketing concept, marketing methods and marketing strategies of the car are behind many developed countries, and in CHINA automobile sales channel in the automotive industry is still relatively simple, it cannot meet the demand of major consumer groups. Out-dated sales model allows companies could not be better to expand market share, weakens competitiveness of many car dealers who are at the low end of the industry. In order to compare or compete with developed countries in the automotive industry, to increase our capital in the automotive industry, to enhance the competitiveness of our business and occupy a seat in the world automotive industry, we must find a marketing channel with reasonable, innovative and valuable. So based on our analysis of current automobile sales market and the current marketing model, this article focuses on proposing innovative marketing model, to strengthen the integration of automotive marketing channel management and further enhance the competitiveness of the dealer.

KEYWORDS

Automotive industry; Marketing channels; Competitiveness; Strategy of promotion.



INTRODUCTION

After about 50 years of development, China's auto industry has entered a period of rapid development from 1994. Automotive products develop from a single type to a diversified; the automobile industry has gradually become one pillar industry in China. So competition in China's auto market is still quite intense, competitive core of automotive market is gradually changing. In order to more effectively integrate automotive marketing channel management and enhance the competitiveness of dealers, we must understand the current status of the development of China's automobile industry, understand the development of marketing model, put forward practical solutions.

THE DEVELOPMENT OF CHINA'S AUTOMOBILE INDUSTRY

Automotive industry chain is long, strong association and large consumer demand, with the continuous development of the national economy; people's consumption demand for cars is also growing. With rapid economic development from 2001 to 2011, the revenue of urban and rural residents also increased year by year. This shows that people's living standard was improved continually, while the potential of China's auto consumption market is huge. We sampled a decade of data to illustrate the current situation of China's automotive industry. TABLE 1 and Figure 1 show automotive sales in China from 2001 to 2011.

TABLE 1: The car sales from 2001 to 2011 (Units: million)

Years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sales	244	338	456	511	573	705	879	938	1364	1804	1851

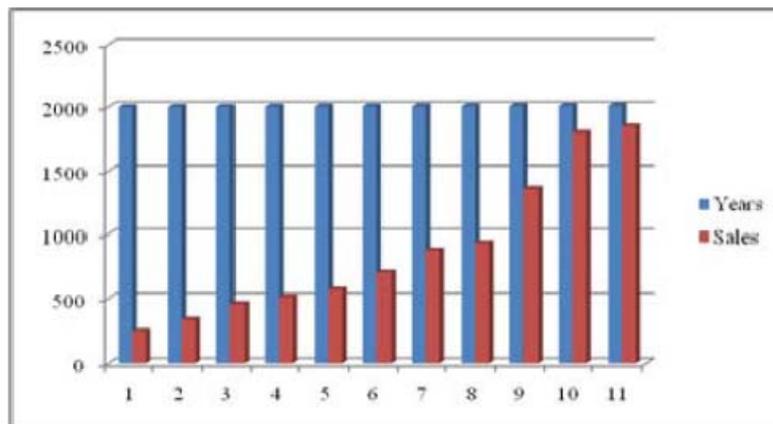


Figure 1: Histogram of annual sales from 2001 to 2011

From the above chart, we can draw the following conclusions:

The variety and quantity of automotive product grow rapidly

China's auto market only has a certain amount of development in 1996; because the car market is gradually normalize in time, gradually opening up. As can be seen from the graph, in 2002, the amount of China's car sales have breakthrough. In China's auto market, car products from a single to a diversified, multi-level development, enrichment of automotive products give the consumer more choice, China's auto market is gradually with international standards, more foreign brands entering the country, and China is also growing its own brand, the brand's rich increase consumer choice:

Market demand is still relatively large

Consumer market is growing mature, and people's living standards constantly improve, that make the car becoming a part of people's lives, rather than unattainable luxury. In the huge automotive consumer market, private consumption accounts for a large proportion, in the coastal developed cities, people's living standards improved, consumption structure is changing and therefore, in the future of the automotive industry, private consumption will be a essential strength, promote the development of the automotive industry.

The development of the car's aftermarket lags behind

In the development of the automotive industry, there are advantages and disadvantages. In China automotive aftermarket is still relatively backward, when consumers buy cars, they want to enjoy the full or high quality of service and have nothing to worry about. With the constantly enrich of the brand and increasing of the car model, consumption space

have gradually become larger, expectations of service for himself becoming higher and higher. There are many small car repair plant in CHINA, their business is mainly confined to the car repair and car maintenance, this limitation restricts the development of enterprises, but also hinders the development of the automobile industry.

The automotive industry impacted by economic trends

In the turbulent economic situation, the automotive industry has also been affected, some cities propose the policy of limited purchase, which will affect the pattern of automobile consumption, and this initiative will reduce the consumer space of independent brand and economy cars. But the state also introduced a policy of government vehicle reforming, abolished the general government vehicles, socialize ordinary official travelers, to a certain extent, reduced the official car sales market, but it will also increase private car sales market. The automotive industry will change with the economic situation changing, so dealers should adopt appropriate strategies to adapt to economic development.

THE INTEGRATION OF AUTOMOTIVE MARKETING CHANNEL MANAGEMENT MODEL

Traditional model of automobile marketing

The difference between original marketing model and new marketing model in recent years is shown as Figure 2.

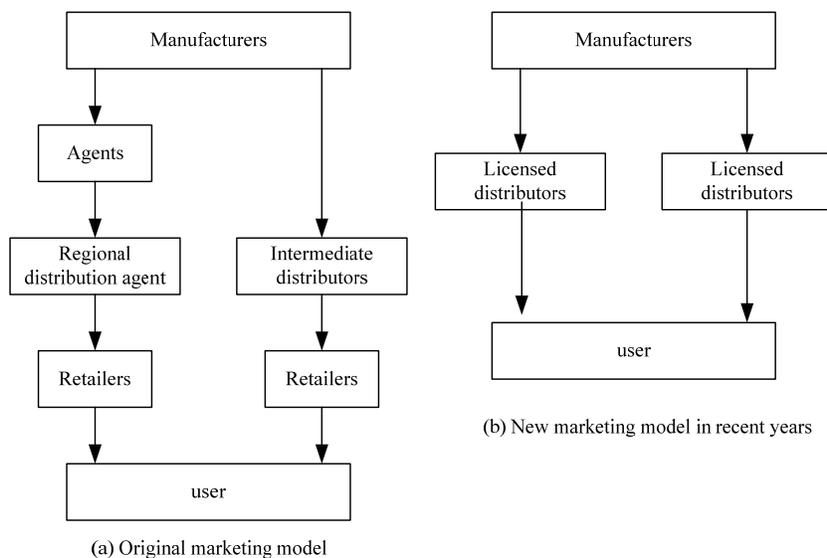


Figure 2: The difference between original marketing model and new marketing model in recent years

(a) Marketing model of 4s shop of brand car

4s shop is a brand franchise model, with sale, service, spare parts, survey as the core of the sales business model. 4s shop is gradually introduced into China from Europe from 1998, 4s shop are very reasonable in a professional respect, credibility, the after-sales service and setting of humane aspects. But 4s shop is greatly dependent on manufacturers, has no own brand image, and operating costs are too high, profits are lower.

(b) Marketing model of car chains

Currently advantage of this marketing model is not obvious, this model only exists in a small number of regions and cities, car chains main operate by the way that cay dealers and manufacturers consult with building brand exclusivity or conducting business management buyout approach. This mode is mainly short-term cooperation and franchise that mainly inherits the automotive brands, technology and experience of manufacturers. Development of this model has also been a lot of limitations, his active area is severely restricted, and cannot separate purchase in automotive sales.

(c) Marketing model of brand monopoly

In order to meet the demand of customers, the car dealers sold a number of brands. Single-brand dealers cannot meet the development of car dealers; multi-brand sales can complement each other, to avoid risks. To some extent this model also reduce the dealer's operating costs, reasonable utilize and allocate resources, and improve dealers the ability of avoiding risks. But this multi-brand marketing also has shortcomings, when there is competition between the brands, it is difficulty for dealer to coordinate manufacturers, and multi-brand distribution will cause financial stress and pressure on stocks. For different brands, it requires different marketing strategies, which increased the difficulty of the dealer.

The problems of the traditional marketing model

(a) Lack of strategic marketing concepts

While economies of scale will bring economic benefits, but the economies of scale cause a waste of resources. Currently some stores have no reasonable systematic marketing idea, not able to build the manage system on competitive advantage and competitiveness, dealers should reasonably analyze needs of future market, determine position of product, establish cars products to meet consumers' demand.

(b) The management of control system of car sales channel is weak

The control system of sales channels, is mainly reflected in the completeness of the police, rationality of the incentive system and reasonableness of rebate system, China's current sales channel management system is mainly controlled by the manufacturer, in this form, the manufacturer is at the absolute regnant position, once poor sales, it will affect the relationship between manufacturers and dealers, so dealers' control of sales channels is relatively weak.

(c) The professional of car sales is lower

Car sales need a professional team to service the majority of consumer, currently sales of automotive marketing channel and level of after-sales service in China's is not very high, auto dealers need experience as well as technical supported by car manufacturers, so fine and thin, can solve customers' incurable diseases, master each model, has a unique understanding of the car, study assiduously, create a high-quality team, completely satisfy customers the pre-and post-sale.

(d) The service level of car sales is low

On China's auto market, there has been a very popular imagination that we emphasize sales, ignore service. Whether manufacturing businesses or dealers, all want a breakthrough of the car sale. Thus it results in the neglect of service. The service level is mainly reflected in not timely supply of spare parts, high-end parts for imported cars out of stock and lack of senior maintenance technician.

(e) Car sales channels is single

China's current sales channels is relatively simple, the dealer should establish a broad sales channel based on changes in market rules and combining the characteristics of enterprises and consumers' demand. Faced with a single sales channel, the dealer should rationally utilize resources and increase the propaganda, because the single sales channels cover fewer side, we cannot expand the influence of the market. Therefore, dealers should increase car sales model.

The innovation of automotive marketing model and the integration of management model

In the new competitive market environment, the ancient and traditional automotive marketing model has been unable to meet the development of the automotive industry, so companies must break the traditional marketing model to seek development, integrate marketing channels.

(a) The network of car sales channel

Advanced technology and well-developed network provide network marketing a great convenience, consumers can browse car information on the web at home, timely communicate information of goods with dealers, so that dealers keep abreast of customer needs. Customers can directly page up and down the order to buy a car in the Web. The net purchase amount and annual growth in the network of car sales channel is shown as Figure 3.

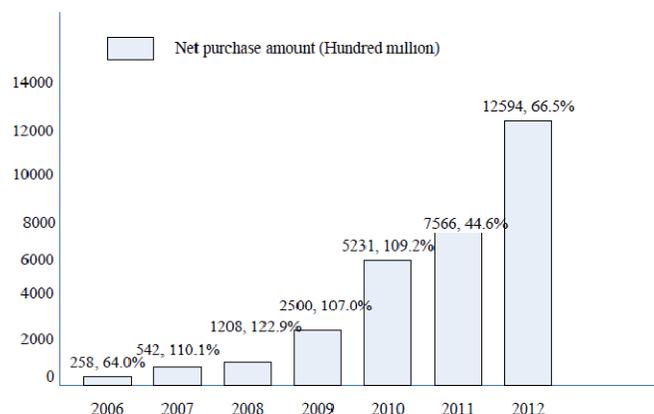


Figure 3: The net purchase amount and annual growth in the network of car sales channel

(b) Large-scale sales

At present, China is also prevalent in a marketing model - building car parks, to some extent the scale of sales can be achieved with car parks, in the car park, there are many brands, complete equipment, superior service and integrated function,

consumers can get a one-stop service include the pre-sale, Medium-sales and after-sale. It can meet the demand of consumers, and in the car park, the formation of economies of scale will reduce operating costs.

(c) The customization

Businesses make a reasonable configuration based on customer demand. Manufacturers can manufacture automobiles according to the special requirements of customers to meet customer demand. If consumers want to have a car that both have a unrestrained enjoyment of off-road cars and a large space as runabout, so manufacturers can modify the off-road vehicles, to plus a panoramic sunroof in the off-road car. So there is no need for consumers to worry about buying their ideal models of cars. This is the personalized customization of cars.

THE CONSTRUCTION OF COMPETITIVE OF CAR DEALERS

Faced with increasingly fierce competition, a simple product and price has been difficult to improve the competitiveness of enterprises, in China there is a huge consumer market, and the market is growing mature, the consume of people is tend to be more and more rational, the automotive industry chain is a growing market, automotive service industry is the industrial sectors with high value, which has a huge impact on the entire automotive industry and automotive services. More and more brands enter the Chinese market, making their best, competing to seize China's gold market. Faced of homogenization of automotive products, pricing strategy and new product strategy has been very difficult to play its due role, and marketing channels as a connecting bridge between consumers and dealers, will play an important role in automobile comprehensive competitiveness.

The reputation of the brand

Dealers should expand the brand's influence. The brand is the reputation of a corporate and a important window to establish corporate image. Corporate brand is an intangible asset; even if the enterprise suffered liquidation or bankruptcy, the company's brand is still an unshakable intangible asset. And the brand also has some influence effectiveness, which will increase spending levels in the minds of consumers.

The quality of the service

Consumers' value is not only the quality of the product, more attention to product service, in CHINA, the current major car dealer is car 4s shop. In 4s shop, if your service get the satisfaction of the consumer, then your product has been recognized in certain extent. In 4s shop there are satisfaction evaluation and complaint, it will improve the service quality of 4s shop.

The quality of the product

Dealers should focus on the quality of the car, each product can not be quite perfect, so car manufacturers should take a good inspection of cars' quality, ensure that the quality of the car can satisfy consumers. Dealers can timely provide customers service, repair the car on schedule, if finding problems influencing the quality of consumers' use, manufacturers and distributors should promptly explain the situation to consumers, and give reasonable service.

THE STRATEGY AND TACTICS OF THE ENHANCEMENT OF THE COMPETITIVENESS

China's auto dealers generally invest much but get little return, although the auto industry ushering a new period of development, but in the new economic situation, the traditional business thinking has been difficult to adapt to the current trend. Dealers cannot just rely on the resources to improve their competitiveness, but should focus on the competitiveness of the advantages core competitiveness of enterprises. Dealers should master the source of profit, and integrate advantages of resources, enhance competitiveness. The profit sources of dealers shown in the Figure 4.

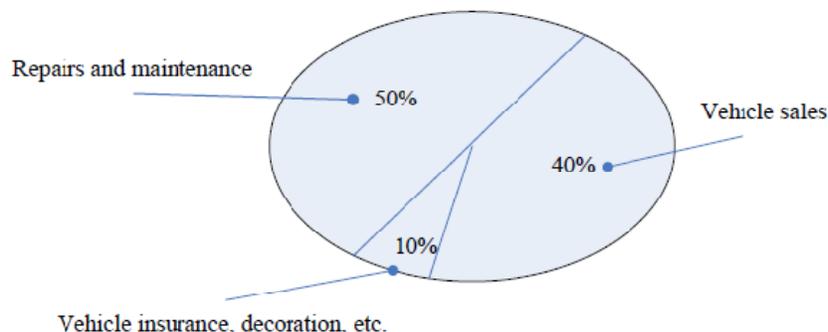


Figure 4: The profit source distribution of dealers

With the development of the economic situation and the intense competition in the market, dealers should enhance their competitiveness, focusing on these points:

To integrate the preponderant resource of the enterprise

Dealer should first set up their own outstanding marketing and after-sales service team, using advertising and other forms to advertise, expanding influence. Also they should excellent marketing team, selecting the appropriate and scientific marketing strategies. Dealers encourage sales team to sell cars through making a incentive mechanism.

To expand the network marketing model

Now the prevailing network shops gradually change people's shopping and lifestyle, car dealers should expand network sales, using now-developed marketing network, expanding the influence of the network, hiring full-time staff to publish and maintain information on website. This will not only expand the dealer's influence, but also be convenient for consumers to stay at home to learn the latest information on dealers.

To improve the after-sale service system

The after-sale service in the automotive industry chain gradually occupy an important position, people paying more attention to car maintenance and beauty, even the car modification, dealers should improve the after-sale service system, promptly establish contact with the car's customers and provide the advantage of after-sales service.

CONCLUSION

Changes in the automotive market makes consumer behavior and motivations have changed, consumer spending tend to be more rational, which no doubt gave the auto industry providing a good market, but also a higher car sales requirements, so the dealer should use reasonable sales channels and timely integrate sales channels model, improving the competitiveness of the dealer. Dealers shall promptly grasp the changes of the market economy, and timely adjust strategies of marketing to develop.

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