

Marketing in Sensata

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1 Executive Summary

Sensata has been effective in building market share and reputation by leveraging a presence in key OEMs to build trusted relationships. Furthermore, market direction has been influenced by representation in regulatory committees. The marketing group has been traditionally successful in building a strong B2B sales channels.

However, the established market is evolving rapidly and dramatically. New markets are also emerging at speed and the traditional methods are no longer sufficient to guarantee the win. Developing understanding of the end user, social behaviours and interactions with products and platforms that are home to Sensata's product are key to developing the correct strategy for a successful future.

The next major challenge to the marketing team in Sensata is to get connected, leverage technology to interpret big data and provide understanding to the business and value for customers.

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3 Introduction

This report explores the role of Marketing in Sensata Technologies, specifically within the Tyre Pressure Monitor System (TPMS) division, Schrader Electronics (Schrader, n.d.).

Marketing roles were only officially established 5 years after the company started up in Northern Ireland. This initial marketing role was based in the USA and aimed to capitalise on the safety discussions relating to tyre pressures that had been ignited in the wake of the Ford Explorer - Firestone tragedies in the year 2000 (The Center for Auto Safety, n.d.). This was a case of good timing and planning ahead. The Tyre Monitoring legislation didn't come through in the USA until several years later in 2008 (Bartec USA, n.d.). Europe followed suit in 2012 (Manuel, 2012) with regulation that in this instance had also been heavily influenced by people from Schrader / Sensata.

Later, offices would be established in Germany, France, Italy, Japan, China, Korea and India to service the markets there and ensure policymakers were aware of the technology and precedents set by other regulatory bodies around the world.

4 The Role of Marketing

Today, the marketing team in Sensata is made up of >50 people across multiple regions and sites. Often, the marketing / sales teams are positioned remotely from the business centres & manufacturing sites in an attempt to be closer to a customer or industry concentration. This allows for faster response, improved osmosis and an improved customer relationship.

Today, the marketing teams work closely with engineering & project teams to funnel the voice of the customer to the organisation, provide market intelligence & analysis in support of strategic technology roadmaps and assist in market development.

4.1 Voice of customer:

Sensata predominantly sells to the automotive industry and directly to the major Original Equipment Manufacturers (OEMs) in most cases. This has traditionally been played out in a classic B2B model. Understanding the direction of these large global businesses can be difficult as the OEM roadmap is often protected for competitive advantage.

4.2 Market Intelligence

Besides individual OEM strategies Sensata's marketing team are curious about emergent technologies and the impact these can have on the established market or emergent market. For example, the marketing team have spent significant time educating some of the more traditional customers on how Sensata's technology could enable features that support compliance and value to user. These include applications under the new demand for autonomous vehicle health, driver assistance, maintenance scheduling and other advancing vehicle or user support systems.

On the other end of the scale, Sensata's marketing team also bring challenges to our business that reflect more advanced technology expectations from progressive customers and emergent customers.

Sensata's sale & value model must be managed differently by the marketing team in response to the market segmentation and differentiation being targeted by the

various OEMs brands. This differentiation is demonstrated in Figure 1 - Perceived Brand Differentiation in the Automotive Market.

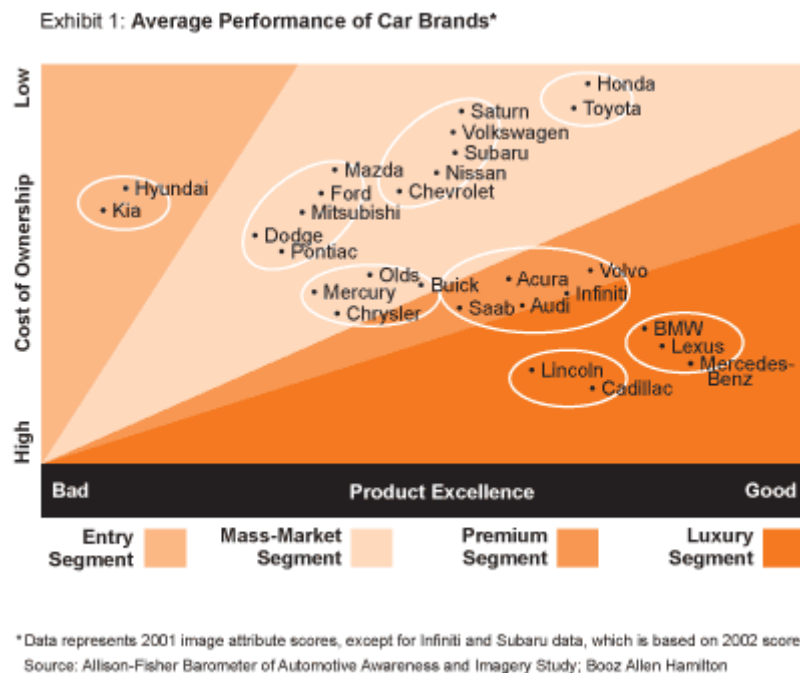


Figure 1 - Perceived Brand Differentiation in the Automotive Market (Evan Hirsh, 2003)

The measures of quality, safety, performance, value, design, technology are deliberately leveraged by various OEMs to differentiate their product. As such, that creates a different opportunity to market to those business with our product. Subsequently, our marketing team must be fluent and relevant in each aspect that is important to their respective customer. This has required close and learning relationships between our internal marketing and engineering teams. This is effectively demonstrated in Figure 2 - Car Brand Perception Survey . Understanding of the OEM positioning and differentiators enables effective tailoring of product roadmaps to entice and satisfy each customer. Leveraging advanced functionality is critically important for Technology marques such as Daimler or BMW where as the safety benefits are the key to sales success at Volvo for example.

Which factors were important to consumers when buying from a specific brand?



QUALITY

The top factor for car buyers remains quality, scoring 90 points this year and last. What has changed is the number of brands that are distinguished by this attribute.

In 2013, we had four brands show a clear advantage; this year, there are six that stand out from the herd, including Cadillac in sixth place.

These are the top five brands that car owners consider the best in this category:



SAFETY

The real news this year is the ascension of Subaru. This modest-scale automaker has made big news over the last year with its "good" crash-test performance, among other accomplishments. All its models, except for the aged Tribeca, have earned coveted Top Safety Pick+ status from the Insurance Institute for Highway Safety (IIHS).

Other brands have largely held their own position year over year. It will be a challenge for automakers to close the gap with Volvo, but Subaru demonstrates that it is possible with consistent performance across a model range.

These are the top five brands that car owners consider the best in this category:



PERFORMANCE

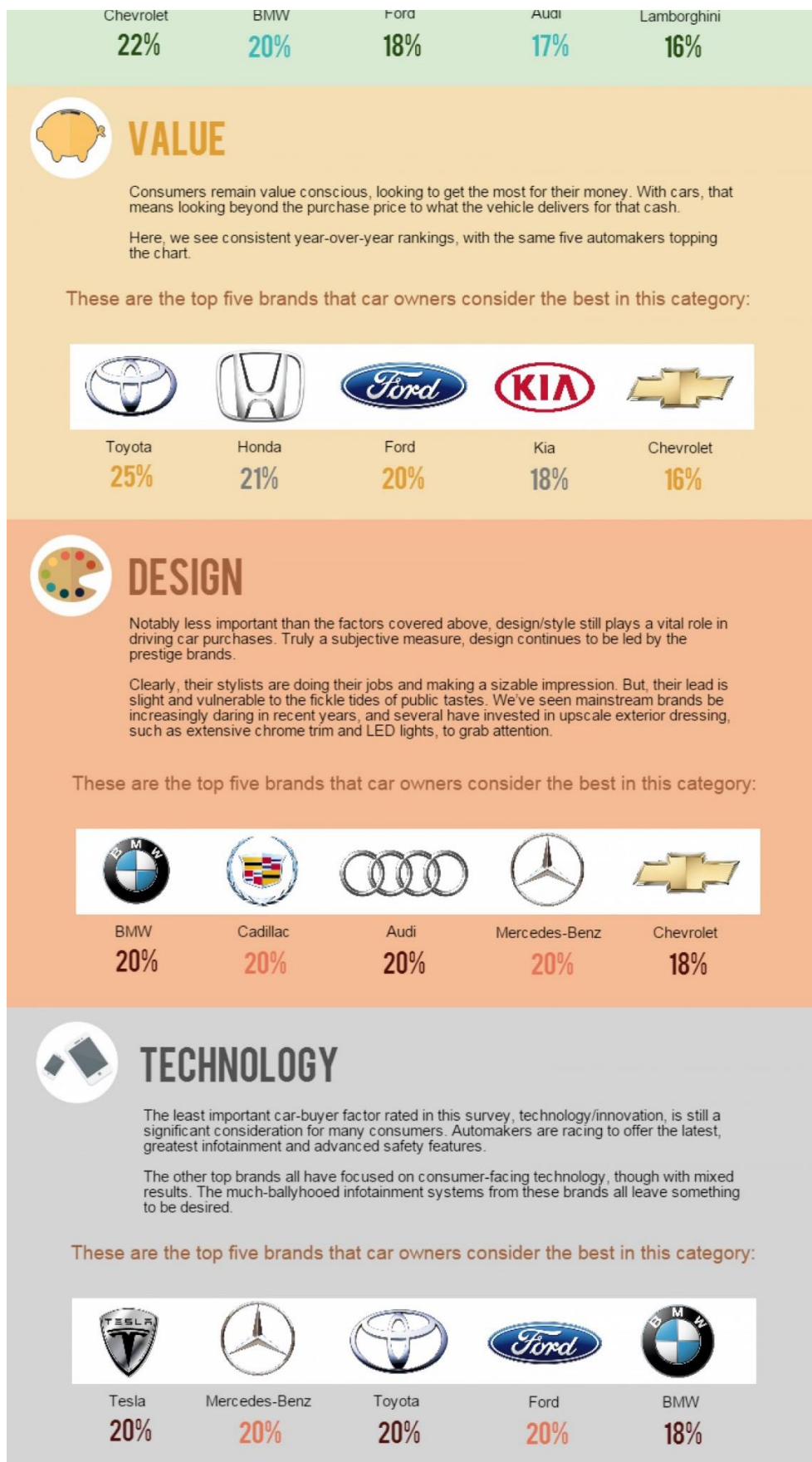
That performance is even a top car-buying factor means the tough economy can't keep down driving enthusiasm. Of course, the definition of performance has evolved over time to mean much more than raw power.

When it comes to exotic performance, Lamborghini edged out Ferrari this year, probably aided by its recent poster-worthy new cars and concepts. The top 10 here rounds out with Toyota, Ferrari, Porsche, Dodge, and Subaru - all brands with a compelling performance story to tell.

These are the top five brands that car owners consider the best in this category:

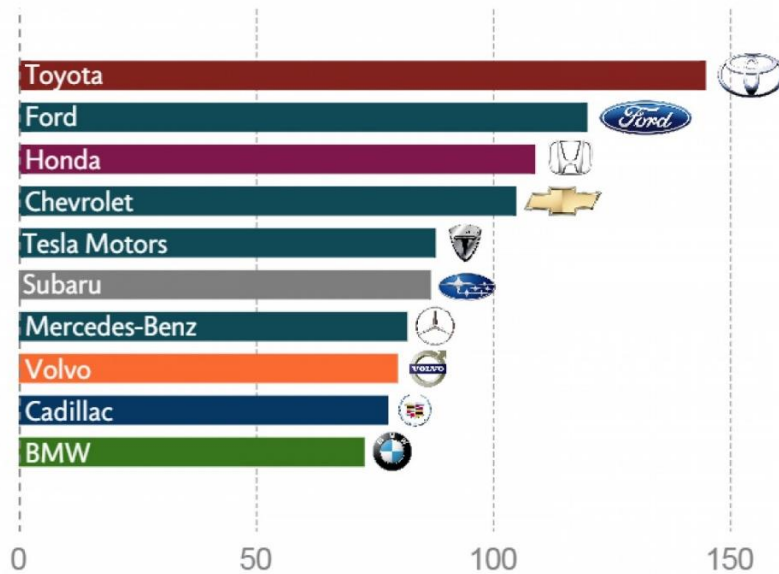


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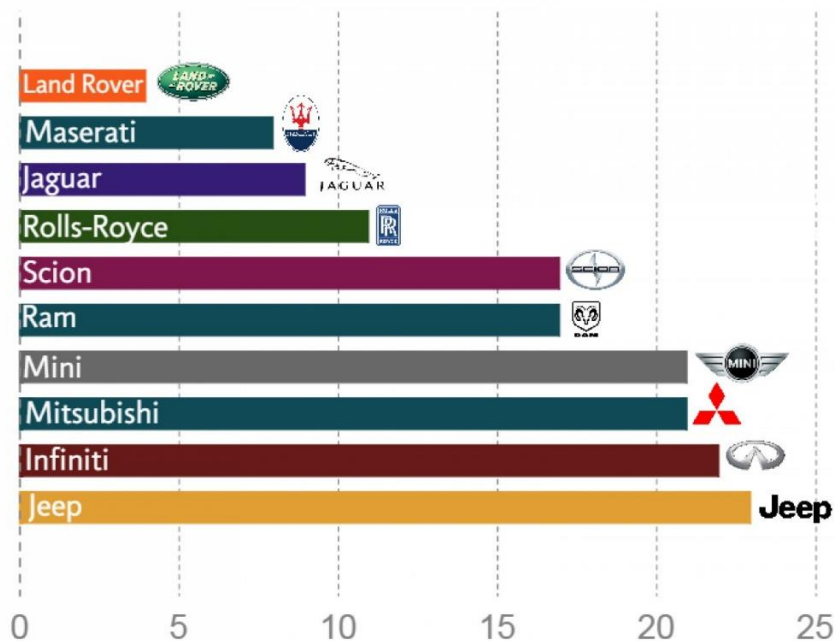


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Top ten brands and with each overall score.



Worst ten brands and with each overall score.



Sources:

<http://www.consumerreports.org/cro/2014/02/2014-car-brand-perception-survey/index.htm>
<http://www.rankingthebrands.com/The-Brand-Rankings.aspx?rankingID=180>

Created by Stanley R Harris Ltd

<http://www.stanley-r-harris.co.uk>


Figure 2 - Car Brand Perception Survey (Anon., 2014)

4.3 Market Development

Traditional OEMs and the associated development of passenger car technology is reasonably well understood. However, there are 2 markets required much more creativity and discovery as they are not in any way mature to allow predictability.

4.3.1.1 Fleet monitoring

Rental companies, corporate car pools, haulage contractors, delivery fleets etc are all hungry to understand the potential of connected vehicle networks, telematics, big data and health monitoring. The value of knowing when a vehicle needs attention, the use profile, the relationship between the former etc is not yet quantified but business are certain they need it.

4.3.1.2 Ride sharing

Smart cities are unexpectedly becoming a major voice in what automotive technology should be available. They are engineering environmentally conscientious cities for the future and the current regulatory approach to limiting traffic, vehicle type etc is already proven to be insufficient to reach the air quality targets. Congestion and the relationship to being an attractive place to live and work is up there with environmental quality, see Figure 3 - Smart City Ecosystem .

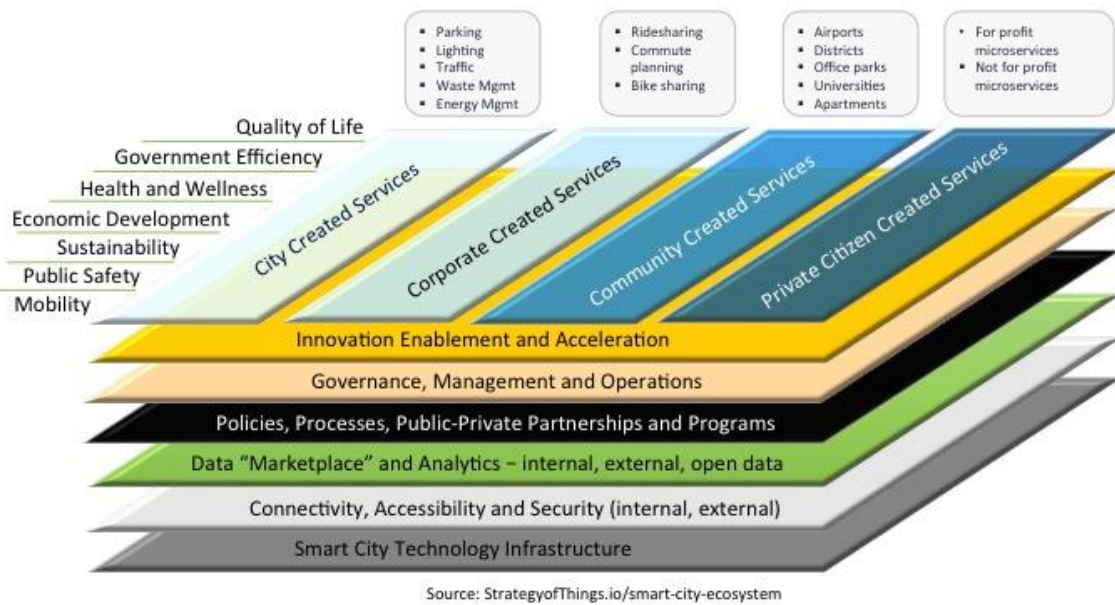


Figure 3 - Smart City Ecosystem (Chan, 2018)

5 Key Markets

Whilst there is clear success for Schrader / Sensata in established auto markets for North America, Europe, more recently China – India is the next big opportunity on the near horizon.

A report by McKinsey (Gupta, et al., 2018) details the future drivers for India's passenger car market. From a marketing perspective it is important to understand what makes sense for India – this includes:

- Bundle and deploy learning and solutions alongside exploring new opportunities that would be seen as disruptive in established markets.
- India wants to manufacture locally for it's economy with a view to develop an appreciation for quality as the economy is boosted.

- India has a huge rural market that will need clustered sales & servicing footprints.
- Partners will be key to addressing the scale of opportunity in India. This will include non-traditional partnerships and require the incumbent business to adapt.
- Empower local leadership to capture and influence the market.
- Leverage technology. The scale, speed and uniqueness of the market in India will require use of big data and other analytical tools to truly keep ahead.

The importance of the market in India is further underlined by McGee & Mundy in their analysis demonstrating that India has displaced Germany as the fourth largest auto market and set to pass Japan by 2021 (McGee & Mundy, 2019).

6 Marketing Channels

In section 4.1 it was previously stated that Sensata has traditionally operated on a B2B model. The business makes effective use of resident engineers in the major customers to influence the respective customer from a technical perspective whilst working closely with the marketing teams. Local sales offices have also been crucial to building strong B2B relationships. The local teams are more effective at building sensitivity to the culture, etiquette, hierarchies and many other important people centric relationship factors.

However, of late, Sensata is seeing increasing use of social media by it's customers to reflect their customer perception of the technology Sensata provides. This provides a new and interesting dynamic. Furthermore, it has challenged Sensata to consider its marketing potential and presence in the B2C arena.

As lean production and the ability to customise vehicle builds with options becomes more prevalent it yields an opportunity for an accessory manufacturer to influence the end user directly to win a sale for their customer. Marketing across tiers provides another opportunity but also a new way to effectively influence the respective segment. This puts a new emphasis on the idea of 'Testimonials' that is cited by Tracy as a key factor in influencing a sale (Tracy, n.d.).

The marketing team have different teams working on OEM customers and After Market Sales. One would expect that a team should be dedicated to influencing the end user.

Additionally, there is opportunity to close the circle of influence by positively leveraging advanced online, targeted, marketing tools to sway individuals within OEMs who may be involved in decisions relating to Sensata's product offerings. Considering the cross functional assessment for supply decisions there is opportunity to focus parallel campaigns that may include the following aspects and more; engineering, quality, competitiveness, environmental, logistics, service.

7 Success of Marketing

Marketing in Sensata have been key to the success to date. They have been close to and involved with customer in a supportive way to increase the comfort the customer perceives in Sensata as a supplier.

Understanding competitors, their technology, their techniques and strategies to win business has also been crucial for our marketing team to prepare a defence. Often the marketing group has been instrumental in demonstrating weaknesses in

competitor offerings which has wither helped retain business, win new business or defend margins on sales.

Lately, as the industry is seeing accelerated change driven by environmental quotas (EU Commission, n.d.) and electrification targets such as that announced by major developed countries such as the U.K. (Dzikiy, 2019) the need to understand the customer and the end user is greater than ever. This is where Sensata has been late to react.

Only now are the marketing function asking questions that suggest a need to understand the behaviours and changing use cases surrounding automotive vehicles.

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