

Developments in the field of marketing of FAW-Volkswagen

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Executive Summary

In the past ten years, the automobile market of China has developed rapidly, and market competition has become increasingly fierce. This market has changed from a seller's market to a buyer's market today. Therefore, the right marketing strategy is crucial. In this article, the target object I will analyze is FAW-Volkswagen, a brand with great influence in the Chinese auto market. I will analyze the effectiveness of FAW-Volkswagen's past marketing strategies, and at the same time, combined with the current digital and electrified market trends, I will make some suggestions for the improvement of FAW-Volkswagen's marketing strategies.

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1. Introduction

In recent years, with the rapid development of the domestic economy, the living standards of Chinese are constantly improving. Cars have gradually become the basic for many families, and car sales market is also developing rapidly. At the same time, the huge Chinese auto market also attracts a large number of foreign automakers to invest. They enter the Chinese market through sole proprietorship, joint venture or import. In addition to foreign car brands, there are also many domestic car brands that are constantly developing and growing. The competition in China's auto market has gradually entered a white-hot stage. Every year, companies continue to launch new products and invest a lot of resources in technological research and innovation. In addition, in order to expand the market size, companies are paying more and more attention to marketing.

At the same time, the competitive landscape of the automobile market has also undergone tremendous changes in recent years.

With the increasingly prominent environmental and energy problems, countries are paying more and more attention to the development of clean energy and vigorously developing electric vehicles. The rapid rise of many electric vehicle brands in recent years has profoundly affected the traditional market competition pattern.

The rapid development of the Internet has changed the traditional automobile marketing model. In the past, car manufacturers often used roadside billboards or TV advertisements for publicity, but now they use traffic bloggers or online shopping malls for marketing.

Nowadays, the customers of car sales are getting younger and younger, and the design and marketing methods of the car are very different from the past.

Therefore, it is crucial for car manufacturers to formulate appropriate marketing strategies in light of the current market conditions.

FAW-Volkswagen has a long history in China and has maintained strong competitiveness for a long time. However, with the increasing competition in China's auto market and the emergence of a large number of new energy vehicle brands, FAW-

Volkswagen must summarize and analyze the effectiveness of the current marketing strategy and adjust the marketing strategy appropriately in light of the current rapidly changing market competition situation. So as to help it get a head start in the fierce market competition.

2. The concept and importance of marketing

Marketing is the activities and systems that bring economic value to customers, customers and partners in the process of creating, disseminating and exchanging products. Current marketing refers to the way companies promote their products through some means such as TV advertisements in order to promote their products or services.

With the rapid development of China's auto market, the marketing model adopted by FAW-Volkswagen in the Chinese market has undergone tremendous changes, which can be divided into the following three stages:

The first stage: the underwriting model (1992-1997). At the beginning, FAW Group, the parent company of FAW-Volkswagen, set up a company specializing in marketing - FAW Trading Company. All marketing activities under the FAW Group were handled by FAW Trading Company, which adopted a unified underwriting model at that time. FAW Trading Company will directly connect with the marketing department of FAW-Volkswagen, and sell all FAW-Volkswagen vehicles through its own marketing network across the country. At this stage, FAW-Volkswagen will not bear too much marketing pressure.

The second stage: unified sales model (1997-2006). In 1997, FAW-Volkswagen and its parent company, FAW Group, jointly established the FAW-Volkswagen Sales Company, which also means that FAW-Volkswagen has opened a new era of self-production and self-selling. Four years later, FAW-Volkswagen Sales Company changed its shareholding and became a wholly-owned subsidiary of FAW-Volkswagen. Since then, it has also been responsible for the external sales of Volkswagen and Audi cars produced by FAW-Volkswagen.

The third stage: distribution model (2006-today). In 2006, in order to adapt to the

changes in China's auto market, FAW-Volkswagen started a comprehensive reform in the field of auto sales. On the basis of FAW-Volkswagen Sales Company, FAW-Volkswagen has set up special sales departments for the Audi cars and Volkswagen cars it produces. The sales function department of the company headquarters is responsible for formulating the annual marketing strategy and marketing plan, and then the regional branches are responsible for the development and supervision of specific marketing work in each region. In addition, in today's Internet era, FAW-Volkswagen has also opened an online mall. In people's impressions, online shopping is mainly clothes, electronic products and food, etc. Today's consumers can also enjoy the experience of buying a car online. FAW-Volkswagen advertises its own products on social platforms, such as weibo, wechat, etc. Ads are often accompanied by a link to the FAW-Volkswagen online mall. Consumers can enter FAW-Volkswagen's online mall through this link, select their favorite car configuration and book an offline test drive in the online mall.

In addition to the above three stages, FAW-Volkswagen has also gradually started digital transformation in the field of marketing in recent years. Its marketing team has created three business segments, content marketing, private domain marketing, and strategic support, as well as two centers, namely the product center and the Martech data center. FAW-Volkswagen puts more emphasis on user-centricity, focusing on the maintenance of existing users and the mining of new users. More importantly, FAW-Volkswagen adopted the MEP system. We can think of this system as the neural network of FAW-Volkswagen's new marketing system. This system connects manufacturers, distributors and customers, and at the same time integrates the data generated in the whole marketing process before, during and after the stage, which is more helpful to analyze and improve the effectiveness of marketing activities.

3. The macro and micro marketing environment

(1) Political Factors

On July 1, 2017, in order to promote the healthy development of the automobile market, maintain a fair and just market order, and protect the legitimate rights and

interests of consumers, the state promulgated the "Administrative Measures for the Sales of Automobile Brands". The new method has achieved breakthroughs mainly in four aspects:

(a) The new policy allows both authorized and unauthorized sales to coexist. In addition to the traditional authorized dealers can carry out marketing activities, now some unauthorized companies but have agreements with car manufacturers can also carry out marketing activities, such as car supermarkets, online shopping malls and so on.

(b) Encourage different car brands to share the marketing network. The new policy now advocates a shared and economical marketing concept.

(c) Promote the development of automobile marketing network to remote cities and rural areas, and better protect consumers' right to know and right to choose.

(d) Actively promote the independent operation of automobile sales service and after-sales service, and promote the professional and socialized development of automobile after-sales service. On September 27, 2018, the Ministry of Industry and Information Technology, the Ministry of Finance, the Ministry of Commerce, the General Administration of Customs and the General Administration of Quality Supervision, Inspection and Quarantine jointly announced the "Measures for the Parallel Management of Average Fuel Consumption of Passenger Vehicle Enterprises and New Energy Vehicle Points", which provides a measure of the average fuel consumption of automobile manufacturers. , New energy put forward clear requirements. It has clarified the direction for the future development of the domestic automobile market - that is to ensure the vigorous development of new energy vehicles and pure electric vehicles, supplemented by plug-in hybrids.

(2) Economic Factors

Although China's economy has been hit by COVID-19 in the past two years, with the improvement of the epidemic situation and a series of measures taken by the country to stimulate the economy, China's economy has also begun to gradually recover. At the same time, China's per capita GDP has exceeded 12,000 US dollars, and the consumption power of residents is constantly improving. After rapid development in

the past ten years, China's auto market has become saturated. However, with the improvement of people's living standards, more and more people are beginning to pursue a high-quality life, and the mid-to-high-end automobile market will also usher in more opportunities.

(3) Social Factors

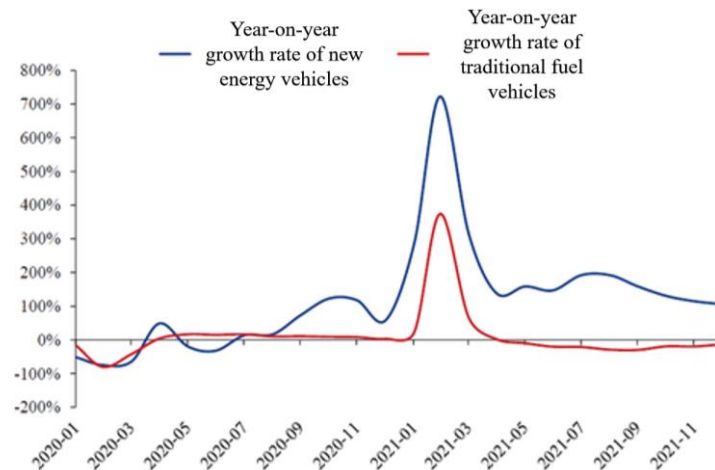
(a) With the rapid development of the Internet, the pattern of automobile marketing has also undergone tremendous changes. More and more car manufacturers are promoting their new products through Internet channels, and they help consumers understand new products through some car bloggers who make videos explaining their new cars. It is obvious that publicity on the Internet today can have a significant impact on consumers' car buying decisions.

(b) With the continuous increase in the number of cars in China, the problem of traffic congestion is becoming more and more serious, especially during peak hours. At the same time, China's public transportation facilities are becoming more and more perfect. More and more people will choose to travel by subway, which will not suffer from traffic jams and is a greener and more environmentally friendly way of transportation.

(c) At the same time, the group of Chinese auto consumers is getting younger and younger. Younger consumer groups are often more personalized. They will not choose cars according to traditional preferences, but choose the brands and models they really like. This situation will make market segmentation more and more difficult, and car manufacturers cannot take more accurate and targeted marketing measures.

(4) Technical Factors

With the increasingly prominent environmental and energy problems, countries are paying more and more attention to the development of clean energy and vigorously developing electric vehicles. In recent years, with the continuous upgrading of batteries, the key to electric vehicles, more and more consumers have begun to choose electric vehicles. This trend has also profoundly affected the formulation of marketing strategies of various automobile manufacturers.



4. The target markets

FAW-Volkswagen has many different brands, and each brand includes many different models. Therefore, FAW-Volkswagen has formulated different marketing strategies according to the characteristics of different models of different brands. Next, I am going to take the Audi brand under FAW-Volkswagen as an example to analyze the marketing strategies formulated by FAW-Volkswagen for different models of Audi. As we all know, Audi's most popular models are A6L, A7 and so on. The most notable feature of the A6L model is its calmness and low profile, so the group buying A6L is mainly business people. Different from the A6L, the A7 model is more sporty and young, and the main consumer groups are more young people who pursue individuality. Therefore, we can see that the spokesperson hired by FAW-Volkswagen for the A7 is Xiao Zhan, a young and handsome movie star. The spokesperson hired for A6L is Wu Xiubo, a very attractive middle-aged star.

5. Selection of media

For FAW-Volkswagen, social media is the main marketing channel. With the rapid development of the Internet, people's lives are more and more inseparable from the Internet, and social media, such as WeChat and Weibo, play an important role. According to statistics, as of December 2021, the number of netizens in China reached 1.032 billion, with an average of 28.5 hours per week online. It is worth mentioning that the Internet in China is also becoming more and more popular among the elderly

population. As of December 2021, the number of elderly netizens aged 60 and above in my country reached 119 million, and the Internet penetration rate reached 43.2%. It can be seen that China has a large number of Internet users, so car manufacturers also attach great importance to marketing through Internet channels, and FAW-Volkswagen is no exception. In my opinion, this is a reasonable choice for the following reasons:

(1) Cooperation with online celebrities can attract many potential consumers. As we all know, online celebrities have great influence on social media. They not only influence people's words and deeds, but also influence people's consumption behavior. On the Forbes list, Kylie Jenner is the world's No. 1 earning influencer with an annual income of \$590 million. She casually posts a photo or video on Instagram, Twitter and other social software to attract the attention of countless people around the world. Therefore, I think FAW-Volkswagen's marketing campaign by cooperating with celebrities on social media is a very smart choice.

(2) The car consumer group is getting younger and younger, and young people are also the most vulnerable to the influence of Internet media. Today's consumer group in China's auto market is getting younger and younger, and young people's minds are more open and changeable. Some comments or mainstream opinions on the Internet can easily influence young people's decision-making. Therefore, I think FAW-Volkswagen will help attract more young consumers by taking a lot of marketing activities on social media.

6. The measurement of the effectiveness of marketing activities

Below I will analyze the effectiveness of this campaign by FAW-Volkswagen's marketing campaign on social media by cooperating with internet stars. FAW-Volkswagen usually cooperates with several well-known Internet celebrities in the automotive field before officially releasing a new car. FAW-Volkswagen will let these celebrities come to drive the new car to be released in advance, and record the characteristics of the new car and their driving experience into a video and post it on social media. There is no doubt that every vehicle, cheap and expensive, will have advantages and disadvantages. But when automakers work with these online celebrities,

they usually ask them to magnify the advantages of these new cars while narrowing down the disadvantages, so as to guide consumers. But all this must be based on legality, because China's consumer rights protection law requires that advertisements cannot mislead consumers.

How to evaluate the effectiveness of this marketing campaign has become the focus of FAW-Volkswagen after online celebrities have made videos or articles and posted them on social media. Generally speaking, the marketing team of FAW-Volkswagen will pay attention to some indicators of the videos released by the online celebrities they cooperate with them on social media, such as the number of clicks, likes, reposts, comments, etc. These metrics all directly reflect the attention the video has received on social media. In addition, FAW-Volkswagen has established an online mall dedicated to selling its own brand cars to provide consumers with a channel for online car purchases. Many consumers will go to FAW-Volkswagen's online mall to search for related products after watching the video explaining the new car released by internet celebrities. Therefore, in addition to the above indicators, the marketing department of FAW-Volkswagen will also pay attention to indicators such as the number of visits and purchases of the FAW-Volkswagen online mall within a period of time after the video is released.

Therefore, based on the above indicators for evaluating the effectiveness of marketing activities, FAW-Volkswagen's marketing department usually takes the following measures in order to achieve better results in marketing activities:

(1) Establish cooperation with suitable Internet celebrities. When choosing an online celebrity, you usually have to pay attention to many aspects, such as the number of his fans, the degree of professionalism in the automotive field, and the fit with the company's philosophy. More importantly, in recent years, a large number of celebrities have been banned by social platforms and even government departments due to their own bad behaviors, such as drug use and insulting the country. This will undoubtedly have serious adverse effects on the brands it works with. Therefore, before choosing a partner, this is a point that FAW-Volkswagen must consider.

(2) Well-designed video content. In today's increasingly fierce competition in the

automobile market, how to win the favor of consumers is one of the most concerned issues for all automobile companies. In addition to the quality of the product, effective marketing is the first step in attracting consumers to pay. Therefore, promotional videos published on social media must be able to have unique flash points, so as to better attract consumers. Because there are too many interesting videos or articles on today's social media, if the marketing video has no characteristics, it will be difficult to attract the attention of consumers, so that the ideal marketing effect cannot be achieved.

7. Conclusion

In my opinion, FAW-Volkswagen's marketing strategy mainly has the following two problems:

(1) The product positioning is not clear

After so many years of rapid development in the automotive industry, key technologies are becoming more and more mature. The technological level gap between different automakers is also getting smaller. Take Audi's A6L as an example, it has a large number of competitors at the same level, such as BMW's The 5, Mercedes-Benz's E class and so on. These cars are becoming more and more homogeneous, which makes traditional marketing methods unable to achieve the desired effect, because consumers begin to experience aesthetic fatigue. The vast majority of consumers in China believe that Mercedes-Benz represents luxury, BMW represents comfort, and Audi's positioning is increasingly unclear. This situation will have a very negative impact on the marketing effect of FAW-Volkswagen.

(2) Waste of marketing resources and low marketing efficiency

Many of FAW-Volkswagen's marketing activities have not achieved the desired effect and have not successfully attracted consumers, which will result in a waste of marketing resources. I think the main reason is that the target group has not been identified, and blind advertising will inevitably fail to achieve the desired effect.

8. Recommendations

In response to the questions raised above, I think FAW-Volkswagen's marketing team could make adjustments in the following aspects:

(1) Developing a differentiated marketing strategy. Advertising on social media today is all the same, so how to quickly attract consumers' attention has become the key. I think FAW-Volkswagen can differentiate its product positioning from other brands, for example, it can highlight Audi's sense of technology, and continue to build such a brand image in advertisements. This will help improve brand power and increase consumer loyalty.

(2) Carrying out digital marketing. I think FAW-Volkswagen should establish its own digital marketing team and build a mature digital marketing system. This system can help the marketing team integrate the data generated at different stages in the entire marketing process, such as resource input, user feedback, etc., so as to help FAW-Volkswagen more accurately locate target groups and improve marketing efficiency.

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