

THE IDENTIFICATION OF THE MARKETING APPROACHES USED IN THE ROMANIAN AUTOMOTIVE MARKET - A MARKETING RESEARCH -

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Abstract

This paper represents a consistent analysis of the automotive industry in Romania based on secondary data.

The secondary data already exist, being collected for other purposes (Cătoi et al, 2009). By analysing such data, a company can comprehend the main directions and traits of a particular situation being a fast, cheap (Kotler and Armstrong, 2008) and even reliable solution. Anyway, the analysis of the secondary data sources is seldom a complete solution for uncovering the necessary data but definitely can be considered a suitable starting point (Kotler and Keller, 2006) for decision making.

The present analysis was performed using a model proposed in 2009 (Cătoi and Edu, 2009) and tested and improved in 2011 and 2012 through the analyses of the Romanian marketing companies (Edu and Negricea, 2011), banks (Cătoi, Edu and Negricea, 2011) and Internet Service Providers (Cătoi, Edu and Negricea, 2012). This model consists of a grid split mainly into seven sections: marketing environment, buying and usage behaviour, product, price, marketing communication, distribution and personnel policies.

Key words: Marketing, Secondary data, Automotive market

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1. Introduction

The Romanian motor vehicle, also named automotive market is a highly competitive one comprising the two local manufacturers, Renault and Ford, importers and dealers. This market is still searching for ways to bounce back to the high volumes recorded prior to 2008, being hit hard by the economic downturn which affected the global and local economies. In 2012, the total number of motor

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vehicles sold in Romania reached 87.505 units representing a 20.9% drop compared to 2011 (APIA, 2013).

Across the market, total shipments (cars and commercial vehicles) decreased by 6.6% in the first three months of 2013, compared to the same period last year. The cars are to be noted, unfortunately with a decline in sales of 6.9%.

The situation is not different from what happens in Europe, where it can be observed a significant decrease in new car registrations (-9.8% compared to the same period in 2012). The main countries (France -14.6%, Germany -12.9%, Italy - 13% and Spain -11.5%) recorded decreases above average.

In Romania, the sales are still supported by the legal entities purchases (84% of the total in March), while the sales to the individuals represent only 16% of the total (decreasing 3 points compared to the previous month). In addition, there still is the negative impact of massive import of used vehicles, at a volume of approx. 53,000 cars and 11,200 commercial vehicles having increased by 50% respective 12.3% compared to 2012. From these figures, it follows that for every single new car sold in Romania there have brought other 4.7 used cars! Even worse is the fact that 28,730 (over 54%) of the used vehicles are older than 10 years, ie 2.2 times more than the new cars sold through national networks of local producers and importers (<http://www.apia.ro/buletin-statistic/>).

For cars, in the first quarter of 2013 the top brands are Dacia, with 3,622 sold units (28.1% of total), followed by Volkswagen (1,423 units / 11.1%), Skoda (1,163 units/9%) Renault (783 units / 6.1%), Ford (725 units/5.6%) and Hyundai (628 units/4.9%). By origin, there is a decrease in the car sales from the domestic production (17.8%), while the import cars increased by 0.7%.

In terms of vans(plus minibuses), there is an increase of 15.5% compared to the same month in 2012. The top brands are Dacia, Citroen, Volkswagen, Fiat and Renault, having together about 70% of the market.

According to the forecasts of Moody's rating agency, for 2013, global car sales will increase with only 2.9%, below the forecast from the beginning of the last year which was 4.5%. The growth revision is driven by weaker-than-expected demand in Europe and slowing economic pace in China. The western European light vehicle demand will contract in 2013 by 3%, compared with its January forecast of 3% growth, because of weaker markets in southern Europe and in Italy especially. Moody's has revised lower its forecast for light vehicle demand in China, to 8.5% from its January expectation of 10% growth. (<http://www.wnd.com/markets/news/>).

2. Research methodology

1. Research purpose

Our purpose was to identify the marketing approaches used within the Romanian automotive industry.

In the automotive industry we included the manufacturers, importers and dealers acting as suppliers in Romania.

2. Research objectives

We split the purpose into seven objectives, pertaining to the identification of the:

- 2.1 Marketing approaches in relation to the marketing environment
- 2.2 Marketing approaches in relation to the determination of the buying and usage behaviour in the automotive market
- 2.3 Marketing approaches in relation to the product policy
- 2.4 Marketing approaches in relation to the price policy
- 2.5 Marketing approaches in relation to the marketing communication
- 2.6 Marketing approaches in relation to the distribution policy
- 2.7 Marketing approaches in relation to the personnel (staff) policy

3. Research hypotheses

We built one hypothesis for each of the above-mentioned objectives:

- 3.1 The Romanian automotive companies gather data about the marketing environment and pursue marketing approaches related to:
 - 3.1.1 the features of the industry/market and tendencies on it
 - 3.1.2 acquisitions and diversification
 - 3.1.3 market share
 - 3.1.4 suppliers and partners
- 3.2 The Romanian automotive companies collect data about the buying and usage behaviour and pursue marketing approaches in relation to:
 - 3.2.1 product satisfaction
 - 3.2.2 buying behaviour
 - 3.2.3 buying intentions
 - 3.2.4 segmentation studies
- 3.3 The Romanian automotive companies' marketing approaches in relation to the product policy can be found in one or more of the following categories:
 - 3.3.1 concept development and testing
 - 3.3.2 brand name generation and testing
 - 3.3.3 brand awareness
 - 3.3.4 brand image

- 3.3.5 test market
- 3.3.6 product testing
- 3.3.7 product assortment

- 3.4 The Romanian automotive companies pursue marketing approaches for the price policy in the following areas:
 - 3.4.1 cost analysis
 - 3.4.2 profit analysis
 - 3.4.3 price flexibility
 - 3.4.4 demand analysis: market potential; sales potential; sales forecasting

- 3.5 The Romanian automotive companies consider promotional approaches related to:
 - 3.5.1 motives which determine the choice for a means of communication
 - 3.5.2 mass communication means
 - 3.5.3 advertising message
 - 3.5.4 advertising efficiency: before/after broadcasting
 - 3.5.5 events, fairs, exhibitions
 - 3.5.6 sponsorships
 - 3.5.7 promotional instruments such as special offers, prizes, coupons etc

- 3.6 The Romanian automotive companies use distribution approaches which cover the following areas:
 - 3.6.1 office location
 - 3.6.2 distribution channel's performance
 - 3.6.3 distribution channel's coverage
 - 3.6.4 network infrastructure
 - 3.6.5 international cooperation

- 3.7 The Romanian automotive companies consider marketing approaches in relation to the personnel policy which could refer to:
 - 3.7.1 recruitment policy
 - 3.7.2 training
 - 3.7.3 staff compensation
 - 3.7.4 interaction procedures with clients

4. Research variables

Table 1- Research variables

Variable	Definition	Directions for research
Marketing approaches	Objectives, strategies and tactics used in order to create and deliver value to customers in order to gain value in return	Objectives, strategies and tactics pertaining to: <ul style="list-style-type: none"> - business/ economic or company - buying behaviour - product - price - promotion - distribution - personnel
Marketing environment	The sum of forces which act in a direct or indirect manner upon the organisation	Data about: <ul style="list-style-type: none"> - industry/market features and tendencies - acquisitions and diversification - market share - suppliers and partners
Buying and usage behaviour	The sum of individual or group decisions directly connected to the acquiring and use of goods and services for the satisfaction of the current and future needs, including decision processes which precede and determine these acts	Data about: <ul style="list-style-type: none"> - product satisfaction - buying behaviour - buying intentions - Segmentation
Product	The product, service, idea or combination of these with which the organisation is present in the market	Data about: <ul style="list-style-type: none"> - concept development and testing - brand name generation and testing - a test market - brand awareness - brand image - product testing - product assortment
Price	The sum of money which must be paid by the buyer to the seller in order to acquire the offer	Data about: <ul style="list-style-type: none"> - cost analysis - profit analysis - price flexibility

		- demand analysis: market potential; sales potential; sales forecasting
Promotion	The endeavours in which the prospect is informed about the organisation's offer and persuaded to purchase it	Data about: - motives which determine the choice for a means of communication - mass communication means - advertising message - advertising efficiency: before/after broadcasting - events: fairs, exhibitions etc - sponsorships - promotional instruments such as special offers, prizes, coupons etc
Distribution	The processes and routes through which an offer reaches a client	Data about: - office location - distribution channel's performance: partners, dealers - distribution channel's coverage - network infrastructure - international cooperation
Personnel	The function and processes which handle recruitment, training and compensation of staff	Data about: - recruitment policies - trainings and courses for the company's staff - the staff's compensation system - the procedures/ methods/ techniques used to interact with the clients

5. Population

The researched population is represented by the automotive manufacturers, importers and dealers present in Romania.

6. Secondary data study guide

The study guide was designed in accordance with the research purpose and objectives. This guide was structured in the following chapters:

- business/economic or company
- buying behaviour
- product and brand
- price
- promotion
- distribution
- personnel

For each section, the study guide had the following structure

Table 2- Business/economic or company research

Business/economic or company- data about:						
Industry/market features and tendencies	Acquisitions and diversification	Market share	Suppliers and partners	Other	Description	Source

Table 3- Buying behaviour research

Buying behaviour – data about:						
Product satisfaction	Buying behaviour	Buying intentions	Segmentation	Other	Description	Source

Table 4- Product research

Product and brand- data about:									
Concept development and testing	Brand name generation and testing	Brand awareness	Brand image	A test market	Product testing	Product assortment	Other	Description	Source

Table 5- Price research

Price- data about:						
Cost analysis	Profit analysis	Price flexibility	Demand analysis: market potential; sales potential; sales forecasting	Other	Description	Source

Table 6- Distribution research

Distribution- data about:							
Office location	Distribution channel's performance: partners, dealers	Distribution channel's coverage	Network infrastructure (number of stores, types etc)	International cooperation	Other	Description	Source

Table 7- Promotion research

Promotion- data about:									
Motives which determine the choice for a means of comm.	Mass communic. means	Advertising message	Advertising efficiency: before/after broadcasting	Events: fairs, exhibitions etc	Sponsorships	Promotional instruments, such as special offers, prizes, coupons etc	Other	Description	Source

Table 8- Personnel research

Personnel- data about:						
Recruitment policies	Trainings and courses for the company's staff	Staff compensation systems	Client interaction procedures/ methods/ techniques	Other	Description	Other

7. Sources of secondary data

The secondary data sources were structured in several chapters to facilitate the study:

- 7.1 Web sites of motor vehicle manufacturers with plants in Romania
- 7.2 Web sites of motor vehicle importers and dealers
- 7.3 Reports and statistics issued by public and private institutions
- 7.4 News Web portals
- 7.5 Newspapers
- 7.6 Specialised publications in motor vehicles
- 7.7 Blogs and forums about or related to the automotive market and industry

8. Research conclusions

After analysing the secondary data sources⁴ structured in: Web sites of motor vehicle manufacturers with plants in Romania, importers and dealers, reports and statistics issued by public and private institutions, news web portals, newspapers, specialised publications in Auto, blogs and forums about or related to the automotive market and industry- 363 relevant references were identified. These references were

⁴ The analysis was performed with the help of students from the Master of Business Marketing as part of their semester project

analysed using the subcategories of the study guide with a special consideration for the “other” subcategory.

In order to match these references with the research objectives, each objective was analysed considering on one hand the predefined subcategories and on the other hand the “other” subcategory.

Objective no. 1- The identification of the marketing approaches in relation to the marketing environment.

After analysing the collected data, it was concluded that this objective had been accomplished. In this regard it can be said that the Romanian automotive companies gather data about the marketing environment and pursue marketing endeavours related to:

- the features of the industry/market and tendencies on it
- acquisitions and diversification
- market share
- suppliers and partners

The Romanian automotive companies gather data, also, about other aspects related to the marketing environment and consider of significant importance marketing actions in areas, such as:

- environment
- competitive strategies
- state-supported car replacement programmes

The hypothesis formulated for this objective was partially confirmed because other marketing approaches were found besides the ones asserted in this hypothesis.

Objective no. 2- The identification of the marketing approaches in relation to the determination of the buying and usage behaviour on the auto market.

The analysis of the gathered data concluded the accomplishment of this objective. The Romanian automotive companies collect data about the buying and usage behaviour and pursue marketing approaches in relation to:

- product satisfaction
- buying behaviour
- buying intentions
- segmentation studies

Related to this section, the Romanian automotive companies gather data about other aspects and, as a consequence, pursue marketing actions in areas, such as:

- consumer behaviour measurement instruments
- user benefit improvement

The hypothesis formulated for this objective was partially confirmed because other marketing approaches were found besides the ones mentioned in this hypothesis.

Objective no. 3- The identification of the marketing approaches in relation to the product policy.

The analysis of the collected data concluded the accomplishment of the 3rd objective. The Romanian automotive companies assume product decisions which cover the hypothesised categories:

- concept development and testing
- brand name generation and testing
- brand awareness
- brand image
- test market
- product testing
- product assortment

Other product-related marketing approaches were uncovered by the collected data which could be grouped as follows:

- car tuning services
- car repairing services
- second hand sale
- innovation
- car rentals
- buy-back offers
- test drives

The hypothesis formulated for this objective was partially confirmed because other marketing approaches were found besides the ones asserted in this hypothesis.

Objective no. 4- The identification of the marketing approaches in relation to the price policy.

The analysis of the collected data concluded the accomplishment of the 4th objective. The Romanian automotive companies pursue price-related marketing approaches which cover the following areas:

- cost analysis
- profit analysis
- price flexibility
- demand analysis: market potential; sales potential; sales forecasting

In accordance with the collected data in the “other” subcategory, the Romanian automotive companies assume price-related marketing approaches pertaining to:

- price level determination
- financing

The hypothesis formulated for this objective was partially confirmed because other marketing approaches were found besides the ones asserted in this hypothesis.

Objective no. 5- The identification of the marketing approaches in relation to the marketing communication.

Based on the analysis of the collected data, the 5th objective was accomplished. The collected data reflect that the Romanian automotive companies’ marketing approaches related to the marketing communications lie within the following categories:

- motives which determine the choice for a means of communication
- mass communication means
- advertising message
- advertising efficiency: before/after broadcasting
- events, fairs, exhibitions
- sponsorships
- promotional instruments such as special offers, prizes, coupons etc

Other marketing approaches were identified in relation to the marketing communication. These approaches refer to:

- showroom design and maintenance
- online community management
- direct communication
- discounts
- cross-communication messages

The hypothesis formulated for this objective was partially confirmed because other marketing approaches were found besides the ones asserted in this hypothesis.

Objective no. 6- The identification of the marketing approaches in relation to the distribution policy.

Based on the analysis of the collected data, the 6th objective was accomplished. The Romanian automotive companies’ marketing approaches pertaining to distribution refer to:

- office location
- distribution channel’s performance
- distribution channel’s coverage

- network infrastructure
- international cooperation

Based on the gathered data, these companies consider, also, marketing approaches related to:

- exclusivity for a brand or for a geographic area

The hypothesis formulated for this objective was partially confirmed because other approaches were uncovered by the collected data.

Objective no. 7- The identification of the marketing approaches in relation to the personnel policy

The analysis of the collected data concluded the accomplishment of the 7th objective. The personnel-related marketing approaches of the Romanian automotive companies lie, mainly, within the categories mentioned below:

- recruitment policy
- training
- staff compensation
- interaction procedures with clients

The hypothesis formulated for this objective was entirely confirmed because all collected data was included in the pre-defined subcategories.

Conclusions

It can be concluded that the marketing approaches of the Romanian automotive companies are broad and diversified, covering a wide myriad of areas, objectives, strategies and tactics.

This research represents a starting point in understanding the complexity of the automotive market and provides comprehensive information about the endeavours of the suppliers in this market. These outcomes can prove very useful to businesses acting in this market or related markets, such as insurance, banking, garages and the current model can be tailored to accommodate different peculiarities required by different entities (businesses, regulatory authorities, associations etc).

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