Analysis of the Skoda Brand

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Introduction

The Skoda automobile manufacturing company was founded in 1859 and has had a history of being both state-owned and privately owned (James, 2002). The company has been doing well over the years, and by 2016, the total sales for Skoda had reached 1.13 million cars, and the profit had risen to about 6.5% (James, 2002). Skoda is a Czech automobile manufacturer that has undergone various faces of transformation to be where it is today. A brief history of Skoda shows that the company was established in 1859 under the name of Klement and Laurin. Skoda is among the earliest car manufacturers including brands such as Peugeot, Opel, and Tatra. The company started as a bicycle producer and then moved to a motorcycle. Skoda produced the first motorcycle, called the Motocyclette, that operated on an engine mounted on its handlebars (Bold, 2004).

The company continued to improve its design approaches to develop the Slavia motorcycle, which is currently credited as one of the creators of motorcycles. Skoda started manufacturing cars in 1905, making it among the first companies to enter the car manufacturing sector. Skoda is the second oldest car manufacturer in Czech after Tatra (Bold, 2004). Skoda has been positioning its brand in the automotive industry over the years to continue being among the leading car manufacturers in the world. The company has, over the years, assumed various design and marketing approaches to brand its cars so that it can continue improving its products and also to continue having a competitive advantage in the sector. Therefore, the paper herein looks at the brand positioning approaches used by Skoda over the years to continue commanding a significant market share in the vehicle manufacturing company.

Brand Positioning Before And After The Launch Of Octavia

Brand positioning is an important aspect of marketing, and it involves the process of positioning one's brand in the minds of the target customers. Brand positioning is also known as the brand strategy, and it involves the steps involved in positioning a product in the market (Sengupta, 2005). Brand positioning involves the approaches that various companies use to identify themselves with other companies in the market. Companies can position themselves based on pricing, distribution, reliability, and customer services, among other ways (Sengupta, 2005). The goal of the brand position is to create a unique impression in the minds of the target customers so that the customers can associate the brand with specific things such as luxury, efficiency, and affordability, among other characteristics. According to Sengupta (2005), brand positioning ensures that the business develops

an identity that is different from any other players in the marketplace.

Skoda has remained an important company in the car manufacturing industry due to its brand positioning approach that targets specific groups of customers. Skoda offers a combination of functionality and good prices which has helped it to stay in the car manufacturing industry for years and to sell millions of units for the years the company has been in operation (Leggett, 2017). Since its origin and start of operations, Skoda has been known for creating quality products at affordable prices. Therefore, the target customers identify with Skoda for its creation of a good product and its fair price offers that customers perceive as affordable (Leggett, 2017). Therefore, the brand positioning approach that Skoda has been using is giving value for the money spent on their product by providing quality and performing vehicles at a relatively lower price as compared to other car brands. The management of Skoda Company recognises the dynamics of the market and continues to play an important role in positioning the brand in the marketplace accordingly. Skoda maintains its branding approach to both the premium and value brands to ensure that their associations are as relevant, salient and positive as possible (Leggett, 2017). The company appreciates the fact that the automotive market contains people with different preferences and some of the car buyers are price sensitive. Therefore, Skoda provides a cover for the price sensitive market segment by offering cars with high functionalities at affordable prices.

Skoda also targets various market segments by offering specific products that fit their needs which has also helped in identifying the brand in the automotive industry. Skoda emphasizes offering exceptional value for the customer's money by offering highly functional cars that meet the specific needs of different segments of customers Justin (Beneke, 2018). For instance, Skoda has different car models targeting specific customers, such as family cars, sporty models, and outdoor models, as well as business models that target specific groups in the marketplace (Beneke, 2018). Skoda's main brand values include offering value for money, reliability, quality, and integrity. Skoda thrives on honesty and simplicity and offers the best customer service through the production of high-quality products that meet the specific needs of their clients.

However, the company soon shifted its brand positioning approach in the past year when it launched the Octavia brand. The company's initial approach in positioning its brand involved delivering superior functionality and practicality in everyday life. However, looking at the design of the Octavia branch, one can confirm that the company has changed its approach from providing highly functional cars at affordable prices to providing luxury cars at an affordable price, targeting customers who love luxury cars (Beneke, 2018). The Octavia design has various improvements in its design that make it different from other Skoda brands. After the launch of the Octavia branch, the company is now positioning itself to offer class and elegance. For example, the Skoda Octavia brand has a facelift with an improved bumper, bonnet, and headlamps. The bumper of the car is wide with a gloss black finish that makes it look classy and elegant (Beneke, 2018). The latter shows a shift in the design and brand position approach by the Skoda Company by trying to explore the luxury car market segment competing with other brands such as Mercedes Benz C-class.

The company also now focuses on the use of technology in the design of the car. The Octavia brand is fitted with some of the latest technology items that make it superior to most of its competitors in the tech segment. For instance, the car is fitted with an excellent interior, has a fully-touchscreen on the dashboard and also supports Apple CarPlay, Android, and other operating systems. The use of technology in the new car designs also shows a shift in the design of cars for basic functionality but comfort, convenience, and reliability. Initially, the Skoda Company designed its car models based on the principle of functionality and value for money without paying much attention to the details of integrating high-level technology into its cars. The approach has, however, changed as the company now focuses on designing a detailed car that gives the customer the best feeling in its class. The car manufacturing company is now seen to be focusing on packaging its products as luxury products after the launch of the Skoda Octavia brand.

Analysis Of The Skoda Brand

Deciding to buy a product involves choosing from a variety of alternatives in the marketplace. Making the decision is normally difficult due to the high number of similar products offered by different brands, each offering various values. Therefore, for a brand to be successful, it has to identify itself positively with the consumers and inspire confidence as well as make them aware of the values of the brand. A successful brand will also encourage the consumer to purchase the products and maintain their loyalty to the brand. A brand utilizes various approaches to identify among other producers and brands so that the consumers can know it through various values. Branding and brand positioning is a strong concept in the automotive industry. The worth that is attributed to a particular product brand is called product equity, where brands with high power and value in the marketplace are considered to have high brand equity. For instance, the Skoda Company has, over the years, improved its brand equity through constant change in its image and values to ensure that it remains relevant and also responds to the dynamic nature of the automotive market (Kornienko, 2016).

The Skoda Company started as one of the most creative car manufacturing companies in the world producing some of the prestigious cars such as the luxury Hispano-Suiza limousines (Kornienko, 2016). The company was the leader in creative car design and explored its capacities to provide some of the most fascinating vehicle designs in the history of car manufacturing.

However, due to dynamics in the economy and government regulations, the company shifted its design approach from being market-oriented to being product-oriented. The company has undergone several changes regarding brand positioning to ensure that it connects its products with the needs of the customers (Kornienko, 2016).

The key to influencing and changing the perception of the consumers is through implementing a brand strategy is already discussed in the above section. The section herein analyses the Skoda brand using the brand resonance pyramid approach. The section gives an analysis of how the brand is currently performing in the market. The brand resonance pyramid model gives the relationship

between exists between the consumer and the product and how the consumers relate to the product. The brand resonance pyramid consists of six building blocks that define the position of the product regarding its connection with the consumers (Sujan and Bettman, 1989). The components of the brand resonance pyramid include brand performance, brand imagery, brand judgments, brand feelings and brand resonance, which all aim to establish a relationship between the consumers and the manufacturer.

Brand Salience

The brand salience, in this case, refers to how much the target customers are aware of the product and how often it is considered among the other brands on the purchase list. Brand resilience requires the manufacturers to ensure that the brand sticks in the minds of the customers so that it can easily be identified and recalled when making purchase decisions (Sujan and Bettman, 1989). Over the years, Skoda has established a permanent brand salience among its customers by being identified as a brand that offers exceptional value for money. The Skoda customers know the brand as a car brand that gives value to the money spent by the customer on buying the car. Skoda is also committed to conducting serious marketing campaigns so that it can increase its presence in many markets and identify with customers (Kornienko, 2016). Many car users and interested parties know the Skoda brand as one that offers a high-performance value. Skoda has also positioned itself to offer elegance, reliability, quality and high integrity as the core values that it uses as an identity in the car manufacturing industry.

Brand Performance

The brand performance, in this case, refers to how the product meets the specific needs of the customer. Brand performance refers to the effectiveness and functionality of the brand in fulfilling the needs of the customers, such as comfort, class, reliability, low maintenance cost and affordability (Sujan and Bettman, 1989). Branding does not only involve the use of real pictures to communicate with the consumers, but it also involves ensuring that the brands connect with the requirements of the target consumers. When consumers look at a brand, they should associate it with various features, services, and benefits that are likely to meet their needs.

Skoda has remained in the market for many years by using a continuous approach to ensure that it adjusts to the changing customer needs and to ensure that it meets the requirements of every consumer segment (Kornienko, 2016). For instance, the company has been introducing new designs and models after a period to respond to the changing needs of the consumers. For example, the introduction of the Skoda Octavia has had a significant impact on the general image of the Skoda brand (Kornienko, 2016). Skoda has various car models, which include family, sporty, outdoor, and luxury cars, among others, to ensure that it meets the needs of every consumer. For example, family cars are designed with large inside spaces to ensure that they can accommodate the whole family. The company has also captured the luxury car market through the introduction of the Octavia brand,

whose positioning is based on functionality, class and elegance.

Brand Imagery

Brand imagery, in this case, refers to the images the customer creates in their mind when they hear about a particular brand (Keller, 2001). The brand imagery looks at the feelings and the psychological views that the consumers develop when they hear about a product. The brand imagery defines the image that the product forms in the mind of the consumers regarding how the product responds to their social needs (Keller, 2001). The Skoda products are designed for affordability and functionality, and this is the brand imagery that has helped the company to maintain customer loyalty as well as to serve a wide range of customers (Bold, 2004). Skoda's products are normally priced towards the lower range end of the market. The Skoda products are designed to provide high functionality to all the consumer segments. For example, the Octavia is fitted with various technology gadgets and a fine interior that brings out the class and elegance image. Skoda is positioned as a quality and competitively priced product that competes with other brands, such as the Rover (Bold, 2004). The Octavia brand is specifically designed with various features to communicate the effectiveness of the Skoda brand regarding functionality and speed and to set the trend for future development.

Brand Judgments

The brand judgment in the brand resonance pyramid refers to what the customers decide concerning the product (Keller, 2001). Customers often make various decisions before deciding to make a decision based on their preferences and the associated performance requirements. According to Keller, (2001), the consumers use several performances and imagery aspects associated with the brand to decide on whether to purchase or recommend the particular brand. The final decision about the product is then made with regard to the perceived functionality, quality, and superiority as compared to other available brands (Keller, 2001). The relationship between price and functionality also plays an important role in determining the brand judgment. Skoda Company has employed various marketing and publicity approaches to market its brand in the highly competitive automotive industry Justin (Beneke, 2018). The company, for the long term, has been known to offer products that have a high-performance rating and relatively low prices as compared to other competitors. Skoda focuses on both the dynamics of the market and the product to ensure that it responds to the specific needs of the customers.

The partnership of the company with Volkswagen has also helped it to strengthen its brand appearance to the customers since consumers who believe in the quality of Volkswagen products are also likely to believe in the quality of the Skoda products (Beneke, 2018). Due to the good reputation that Volkswagen has been enjoying over the years, Skoda is also now enjoying the same reputation due to its merger. Therefore, the company has created a high quality, high performance and value for money perception in the minds of its consumers. The company also designs its products with the

preferences of the target customers in mind to ensure that it provides a product that will fulfill all the needs of the consumers to their satisfaction (Beneke, 2018).

Brand Feelings

The brand feeling refers to what the users feel about the product. The brand feeling in the resonance pyramid defines the emotional attachment that the customers have to the product (Sengupta, 2005). Depending on the preferences of the customers, they can develop an emotional attachment to a product regarding security, respect and social approval. Skoda designs its products for every social group in society, starting with the simple family and personal to the luxury and classy cars. For example, the recently launched Octavia model is associated with elegance and class due to both its interior and exterior design (Beneke, 2018). Skoda is committed to ensuring that their products respond to the emotional needs of their clients. The company is known for its main values, which include value for money, reliability, integrity, and quality, which are the main brand feelings that Skoda arouses in its customers.

The Brand Resonance

The brand resonance is at the top of the pyramid, and it refers to the psychological bond the brand creates with its customers. Brand resonance involves building a strong relationship with the customers to ensure to promote customer loyalty and repeated purchases (Sengupta, 2005). The resonance defines the intensity of the psychological relationship between the customer and the brand and the ability to recognize the brand in various situations. Skoda uses various strategies to promote its brand resonance, such as offering excellent after-sale services to its customers, and extended warranties, among others (Sengupta, 2005). The company also has a dedicated customer care team that takes care of the queries submitted by the clients to promote a good relationship between the brand and the customers. As a result, Skoda’s customer loyalty level is high and only second to that of Mercedes.

Recommendations

There are various opportunities and threats in the automotive industry that Skoda can explore to build its brand image and also to increase its presence in the marketplace. For instance, the company should invest more in exploring the global market by identifying new potential markets, such as some parts of the United States and Asia. The low costs of the Skoda cars will help the company beat the local companies and acquire a significant market share in the new markets.

One of the main threats that might affect the operations of Skoda in the automotive industry is the increase in the cost of transportation resulting from the increase in fuel prices. The organization should respond to this threat by establishing its assembly and manufacturing plants near the targeted

markets to reduce the cost of transportation so that they can maintain its low cost.

The company should also increase the number of services offered to the customers coupled with extended warranties and return policies so that it can improve its customer loyalty. Skoda should also focus on research and development for continuous innovation and the use of technology in production to ensure that it matches the changes in the market.

One of the key factors that help brands stand out in the international market is the incorporation of sustainability in the design of the product. Therefore, Skoda should champion sustainable development by designing cars with low fuel consumption and low emissions to reduce the harm of its products to the environment.

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