

Car Marketing in China

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Introduction:

China, being in 3rd position in luxury car marketing, is making its way to rank 1st in the world. For this, there are many policies made by its government to get the best import and export business and luxury car marketing in China. There are many factors, along with government policies, by which competition in the luxury car market is increasing at a higher speed.

Likewise, as in other countries, Chinese women also account for a greater percentage of those willing to buy branded things, and according to Maserati's managing director of Greater China, Bo Yaming, Chinese women account for 40% of its buyers in the Chinese market, which is in stark contrast to the rest of the world, where women account for less than 5% of buyers (Zheng, 2017).

People's needs are increasing nowadays. Here, we actually need to point out the factor of balancing status in society and the way of living; obviously, everyone wants to drive a luxury car. We can also take this point as a factor, yet it is a general one. These are the things that are responsible for the rise in luxury car marketing in China, but we will also see what strategies are adopted by the companies to fight back and get the 1st rank in luxury car marketing.

Luxury car companies are trying their best to maintain the quality of their products so they can compete in the market. For this, all companies working in China are adopting some ways and having some strategies by which they are maintaining their position. They are advertising every new car model with a hidden concept of using the heroes of people in order to gain people's trust. Companies are also working on the effectiveness and efficiency of their cars so that they are better than their previous models and have better and newer features than those of other luxury car companies.

In order to do this, these companies are trying to put some new technological innovations in their new car models. These include electric cars and mainly solar-energy-powered cars, which are actually not that effective, but many companies are trying their best. Tesla, being a great company, has introduced its electric car, which is fully self-driven, works better than a human, and can drive at a speed of 160 km/hour in auto-drive mode. In order to do that, Mercedes-Benz also launched its car, which is also an auto-drive car, in 2016.

Discussion:

Looking at the luxury car market competition right now in China, we cannot say that all this came suddenly and competition got higher. Simply, no, because this started from the time when China was dealing with passenger automobiles, not luxury ones yet. Let's have a look at the two companies Chery and Dongfeng. Chery and Dongfeng are both government companies, and both of these companies had a hard time developing themselves, but Chery got its power soon, and how it did so is the beauty. Chery first made its own new car models without any foreign company help and came to the front line. This step became a downfall of Dongfeng because engineers of Dongfeng Company had a vision that if this company went down, so would their future, so they joined Chery Co., and this gave a new direction to their journey. A group of 20 engineers who joined Chery Co. made a new company named "Jia Jing Technology Company," which was basically a specialized automotive design company, and being with Chery gave Chery's development a great start (Luo, 2005).

Writing about the history of these two companies is just an example of how a company gets into the competitive world. Now, the question of how there was an increase in competition in the luxury car market is easily solved. Because different strategies and different ways to get into the market were used by all the luxury car companies, Chery made its own models rather than copying or taking help from other companies. Let's have a look at the journey of competition in the luxury car market and how it started, or even what the causes were for the competition between the companies at such a high level.

• Government Policies:

Government policies have a big role in any industry of a country, but as we are considering the luxury car market, let's stay on that topic. Now we can see that, from 2000 till now, the Chinese government has been trying to encourage car companies to work in China, and the beauty of this encouragement is that companies are getting the prices or profits that they want from selling luxury cars. Now, what are the forms of encouragement by the government?

The simple answer can be lower taxes, so this is true. They actually did lower them. In 2004, China was the 3rd largest car marketer in the world, and this was because of the government policy of a fixed permit fee on all imported cars. This actually encouraged the companies to work in China because they could have their profit, and as we know, the 1st goal of a company is always to have a profit because it's the first rule for staying in the market, or else you are dead. This had a very large impact overall because this made many companies increase their working platforms in China. Companies like Volkswagen, Toyota, Ford, Mercedes-Benz and many other higher-ranked companies, especially Maserati and Ferrari, as the names are very popular, expanded their market in China.

Again, in 2004, when the government lowered the permit fee on imported cars, this was a huge benefit to the car companies, and basically, there was also an increase in the quota of imported cars (T Phani Madhav; M Dakshi, 2004).

- A large number of car companies:

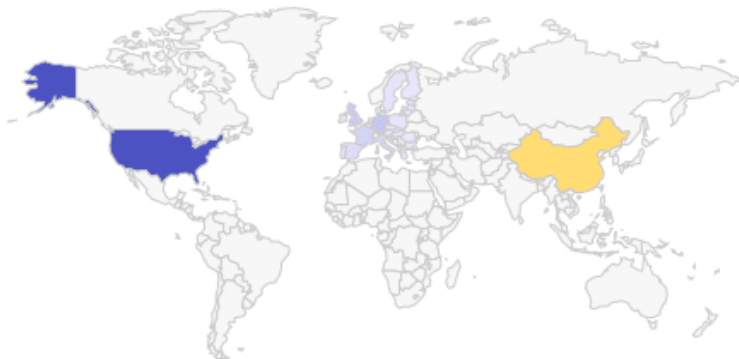
As we know, wherever there are a small number of competitors, there is little competition between them, mostly because if there are 5-6 companies working in China, obviously, they won't compete because it would be difficult for them, too, to provide efficient and effective marketing. But in our case, it's not the case. There is a large number of companies working in China, so they would have good competition between them because when there are, for example, 20 companies and all of them are selling a four-seater luxury car, then only the company whose car has better mileage, beauty, and other features than those of other companies will win the race in the market for that car. Likewise, the more applicants there are for the job of manager, the more competition there is.

- People's interest in luxury cars:

Now, having a look at the interests of people, according to many case studies and articles on websites, Chinese women tend to spend more money on luxury goods and mainly on luxury cars. "In China, women are more ambitious... so they will buy more 'high powered' products than women in the US or Europe," Tom Doctoroff, a senior partner at brand and marketing consultancy Prophet, told Forbes, addressing the difference between women in China and the West (Zheng, 2017).

This shows people's interest in having more luxury cars than their neighbors, etc., just to remain at a higher level of status in society. This creates competition between the companies over whose products will be more efficient or effective so they can gain customers' trust for the future. And it's already been seen that people won't consider the amount of money they need to spend to balance their status.

Now, talking about the 'global comparison revenue,' China had US\$469,088.0m in revenue from the car market. And that's the highest revenue (Statista, 2018).

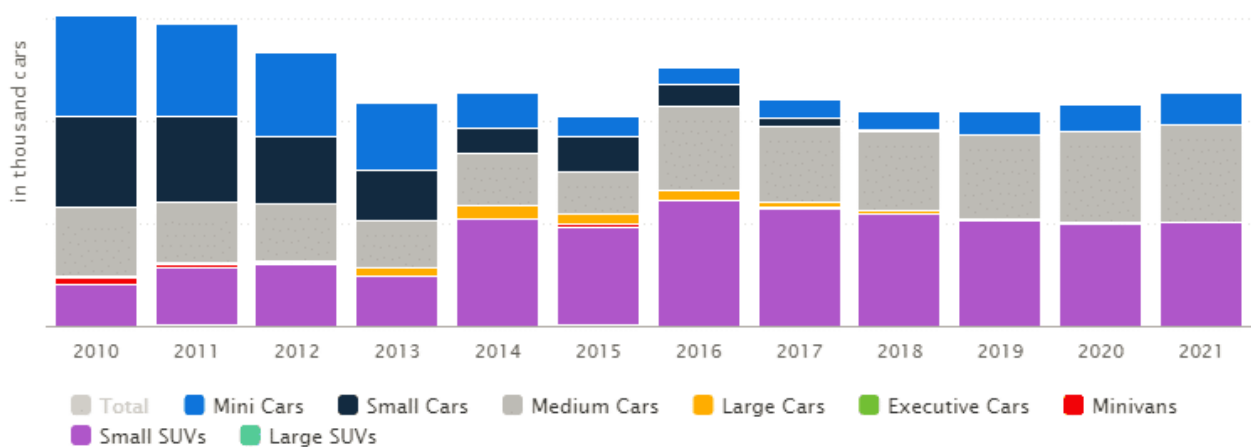


Top Countries	
 China	US\$469,088.0m
 United States	US\$407,636.5m
 Germany	US\$91,346.7m
 United Kingdom	US\$77,827.0m

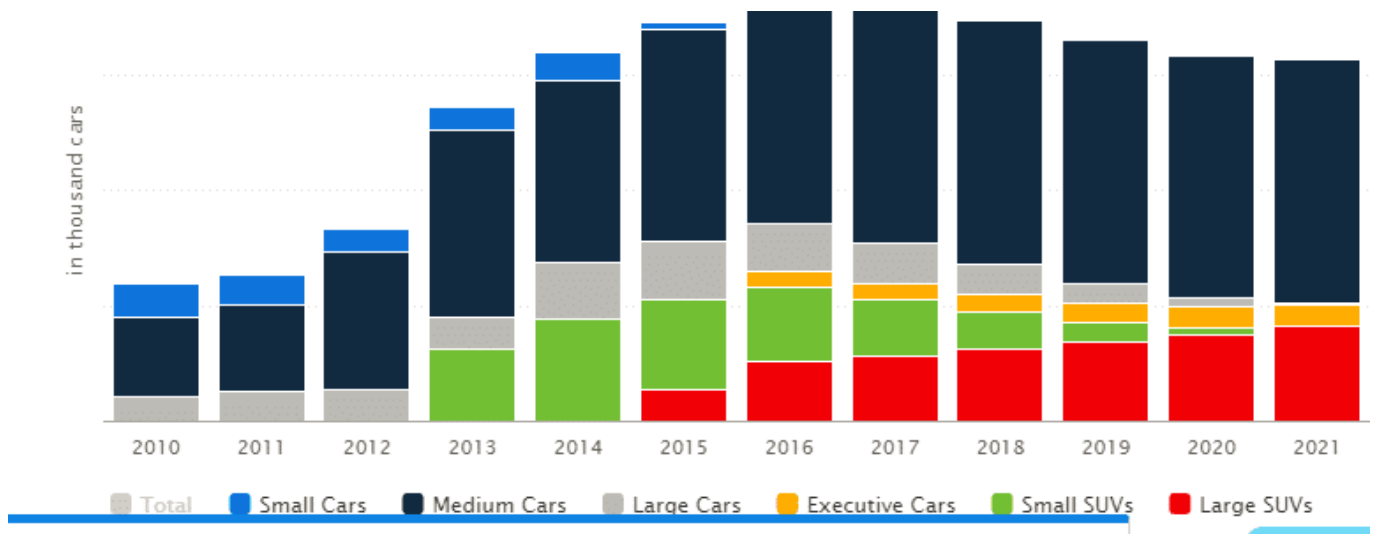


This shows how much China is thinking about the car market, and from this, one can acknowledge what kind of competition there is in China in luxury car marketing. The other reason for the luxury car companies to have big competition in China is also considered to be China's interest in the car market, which causes worldwide companies to have large-scale operations in China because if they have good market value in China, obviously they would have a good name in the world.

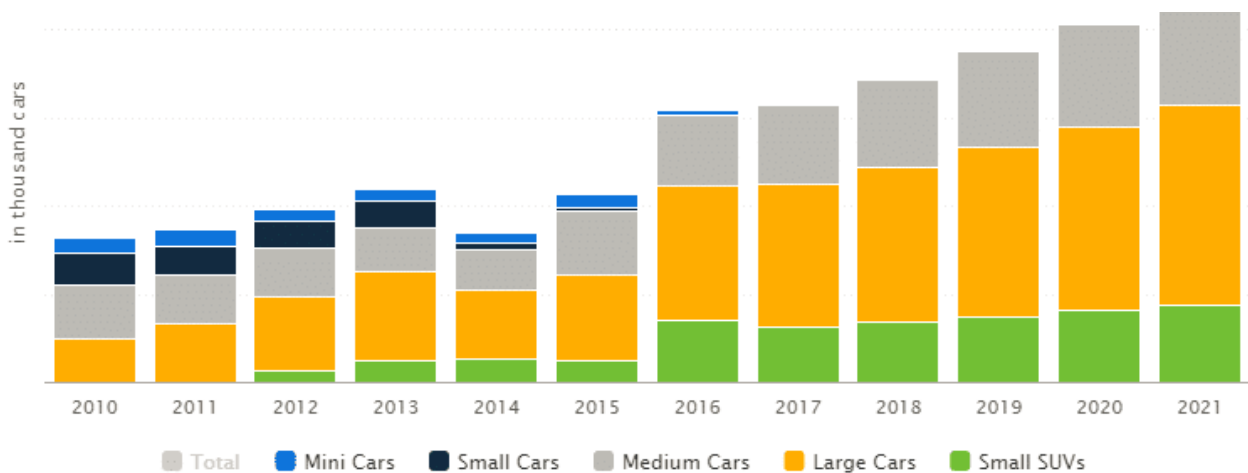
Now let's have a look at the percentage of production of large cars by some different companies in China. Taking Chery Co. first, it will have an amount of 455 t. pcs. in 2021 (Statista, 2018).



Going forward, other companies like Ford will have an amount of 784 t. pcs. in 2021 (Statista, 2018).



Geely, the oldest company in China making large cars, or what can be called luxury cars, will produce an amount of 1,102 t. pcs. in 2021 (Statista, 2018).



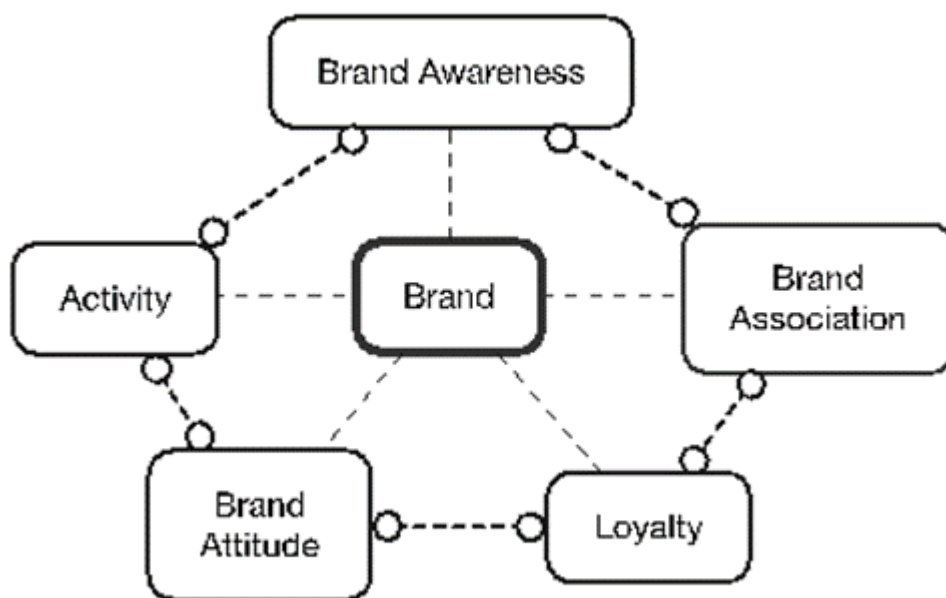
Now, from these tables, we can come to the point that the amount of luxury cars produced by different companies in China shows the past competition between companies, current competition, and future competition that can be there in China. The scales of large cars in all three graphs show the amount of actual luxury cars in China, which increased highly between the years 2013 and 2019 (Statista, 2018).

This is almost the same for many companies working in China, and the production rate is almost increasing to manage and get a place in the luxury car market.

Above, we have seen the factors that are increasing competition in the luxury car market in China. Now, let's discuss the strategies made by these companies to hold their position in the [luxury car market in China](#).

Different companies have different strategies to maintain their place in the luxury car market of China. But generally, all companies are somehow doing similar things too because efficiency and

effectiveness of products are the main goals of almost every organization or company. These strategies, in general and company-wise, will be our subject now. Let's have a look.



In this diagram, we can see what a brand, in general, does to maintain its place in the market. Let's stick to just two points for a while: brand awareness and brand attitude. These are the two factors that are associated with a company's increase in value. The more awareness a brand has in the area, the greater its number of customers. Talking about brand attitude itself, it plays a big role in maintaining the status of its customers in society. That's the most beautiful thing and is the best way to get your company on the scale.

These simpler ways are used by a luxury car company to reach the value of the market and stay alive. In today's life, there is a little change in the lifestyle of people which does have a great impact on the market too. Now people like to have simpler ways to buy products and have a good time. And a simpler way is to sit at home and order your product by cell phone, which is actually the thing in e-commerce. And China's luxury car market is playing a very big role in China nowadays.

Companies are lowering the complexity and headache of buying cars through dealers by reducing the number of dealerships in the area and increasing convenience for customers. This is being done by making the products available online, which means making a way for customers to buy luxury cars online. This somehow shows the customers' trust in their company because, normally, buying things online needs a large amount of confidence because you can be scammed at any moment and lose whatever you have in your pocket. So only Maserati is the company in China right now that is hosting a site on Tmall, which gives it the benefit of selling its cars online and gaining more trust among

people.

The latest report by digital intelligence firm L2, “China: Luxury Auto,” says that more than half of Chinese consumers are “willing to purchase a car online,” and car companies are beginning to listen. Accessible luxury car makers like Mercedes-Benz, Audi, and BMW are leading the way in the functionality of their e-commerce websites, according to the study, which looked at 18 luxury car brands in China (Rapp, 2017). This somehow gives an opportunity to luxury car sellers in China to gain both profit and ease in selling cars. There is not much dealership commission, just their own profit and ease in selling cars according to the needs of people and what they actually like.

We are going to discuss the major luxury car companies’ strategies here. Take the example of Mercedes-Benz, which has a big name and has big strategies as well to maintain its place in the market: strengthening core business, leading in technology, pushing digitization and growing globally. Now, consider the part of leading technology, which means a lot to the customers in China. As already discussed, people want newer and better innovative cars in front of their doors, and cars like electric cars and solar cars show a big picture in the technology world of luxury cars, and Mercedes-Benz is playing a big role in making new and innovative first-rate products.

In 2016, its major highlight was presenting the new E-Class, whose innovative assistance and safety systems took the model a step further in the direction of autonomous driving. Further, in the next year, its plan was to give people luxury cars and more profitable cars for itself to meet market demands. These new technologies are attracting the people of China and the whole world, too, because rather than having a human driver, your car will be running on your command lines (Daimler, 2016).

In general, many companies have this kind of strategy to solve the upcoming needs of people for new technology and in the era of growing science. These include things like the efficiency of engines and stability of tires; some companies are now also providing tubeless tires.

And for other purposes like awareness among people in the market, luxury car industries try to advertise their products and their cars. Take the example of a simple new model of any car company. The advertisement would require a beautiful female model because, again, a large percentage of Chinese women spend more money on luxury cars. This shows that companies want to impress their customers with the beauty of the car and also show them how they would look with that car model, what things would change if they bought that car, and how this car is going to change their status.

A big step during advertising is taken by the actual company to convince supermodels, movie stars, and other characters who are very famous among the people to appear in their advertisements so people will have more trust in their favorite models, and obviously trust will also be built in the car company. So this is how the luxury car companies are trying to rank 1st in the luxury car market in China.

Now, consider another thing that companies do to come to the front line: making themselves global,

which means that they are trying to export their goods out of China too, thus creating a view in people's minds that this company has something great in it because its products are accepted globally. In this, they focus on training people in psychology that their relationship with customers is not ending; it's for a lifetime or something similar. Many companies provide their customers with a way to exchange their old luxury car for a new model with some payment, yet this makes the customer bound to them forever. In this way, people will become loyal to that company, and the company will have a fixed line of profit.

Lifetime guarantees and ten-year guarantees, etc., are terms and policies being used by companies to overcome problems due to scams. If a company is accused of falsely telling its users that the mileage of a car is 45L/liter, only the policies of the company will save the company from that scam. When there is a good customer care center of the company, people will be more attracted to it because they will have someone always there to help and sort out their problems. That's why companies are making better and friendlier support centers so that people or their customers can have trust in them.

Conclusions:

China, being the highest revenue holder in car marketing, has a high rise in luxury car competition. The reasons for this competition are the high demand for luxury cars in China and the best policies of the government, in which it has lowered import taxes and increased the import quota of luxury cars. Because of this, every car company is trying to increase its production rate and imports in China and offer the best and newest of its car models so people can have good cars and companies can obviously make a profit. Many strategies are being adopted by the companies, in which their advertisements, awareness and innovative technologies are playing main roles. Chinese markets are a bird's-eye view for investors, and they are the most suitable ones in which to invest.

After all of this, we can say that the Chinese luxury car market has good management, and its results can be seen in the Global Comparison Revenue, which shows the 1st rank of China. One cannot say that there are any major management issues in this sector of Chinese trade.