

## THE MARKET STRATEGY IN THE AUTOMOBILES DOMAIN

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*In the marketing concept an important place is occupied by the environment where organizations are developing their activities. Technology occupies the most important place in automobile manufactures industry, and we can even say that if you have not a product in compliance with technology development you disappear or you will be buy by which is most adapted to new . For the automobiles manufacturers the globalizations means the fusion between important companies like Renault-Nissan group or Daimler-Chrysler group (that functioned till recently) Philip Kotler defines the internal marketing environment The actors around the organization that influence the capacity to serve the customers: the organization itself, the marketing intermediaries, customers markets and public categories.*

*Cuvinte cheie: marketing, strategy, development, market*

*Cod JEL lucrare: M31 Marketing*

The market strategy represent the most important component of enterprise general development strategy, by which is synthetically establish the report between the enterprise and the environment.

The market strategy indicates the organization attitude and behavior about the market psychology, exigencies and tendencies evolution..<sup>473</sup>

We can say that the appropriate market strategy is that which help the organization in order to make a correct selection of the segments for which is exercising the marketing abilities, offering the appropriate product and service at the right price and place, using appropriate communication activities in order to realize the established targets for a specific period of time.

The classical theory of Ansoff from 1965 contains one of the most important strategy definition in which is showed the organization evolution in order to accomplished the established objectives , the timing trajectory of this can be characterized by multiple elements defining the relation between the products and the actual and future organization's markets which are formed by four strategically components.

The first component is formed by sphere of products and markets for which the organization concentrate all its social and economic efforts.

The second component is represented by the growing vector, being in a close interdependence with the first component, indicating the organization development direction, being in a close interdependence to the actual products and markets situation.

The third component is concurrencies advantage that's identifying the products sand markets components which generated a strong competitive position. The defining of market segments by the organization will generate the competitive advantage and also will offer a important growing potential for the products that's are offered to the market. The capacity of adaptation to the external environment is in correlation with the capacity of administrate organization's economic and social existent resources.

The last component the organization synergy is represented by the concerted action process , this process generate a total bigger effect than the sum of all the individual effect of each factor considered that being independent.

In case of product development strategy, the marketing representatives have to understand the value of a positive relation established between the client and the organization, also the client has to trust in the organization. This relation permit for the organization develops new products that will be offer in an efficient way and without many costs to actual and potential clients.

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473 Laurentiu-Dan Anghel, Eva-Cristina Petrescu, Business to Business Marketing,Editura Uranus, 2002, pag 116.

We can give the example of Subaru Company which developed the first boxer diesel engine in the world. Subaru Company declares: The first Subaru boxer diesel engine in the world. Now on the Forester model. A veritable world premiere: for first time the power of a SUV is generating by a boxer diesel engine. In combination with Symmetrical AWD system, the new Forester equipped with Subaru Boxer Diesel engine to entire SUV experience a new dimension assuring the perfect and complete balance of the automobiles.

The appearance of this new product have as fundament the work of Subaru specialists which decided to revolutionize the art of diesel engine after a 40 years experience in boxer engine. They succeed to keep all the major advantage, and also the low vibration level, assuring in the same time an enormous torque and lower fuel consumption. All this innovations are made in order to develop a new product.

The Subaru Company has the principal advantages of the Subaru Boxer Diesel engine: smooth functioning, enormous torque and faster acceleration and also efficient fuel consumption.

The market penetration strategies consist in the growing of the current product volume on the current market by efficient using of some marketing activities about distribution and promotion. The intention is to influence the actual consumers by growing the consumed quantity, by growing the utilization product frequency.<sup>474</sup>

For a growing market this strategy can be applied by growing the promotional products in order to convince the potential customers to buy this product.

The diversification strategy is represented by introduction of new products on the new markets. In order to successfully apply this strategy the marketers have to know very well the consumers needs and also the discovering of all states of the market in order to diversify the range of products. An example in this case Skoda Company which developed Roomster model. After a long period of time Skoda's engineers had diversify the range of automobiles by creating this new model.

This automobile was creating to combine the practical spirit with the drivers pleasant and the passengers comfort.

The market development strategy consists in the actual products penetration on new commodity markets by finding new consumers. This strategy can be applied when the action on the market is restricted. The applying of this strategy in automobiles domain had generate the increase the number of the available automobiles model. Jack Trout in his book Trout about strategy says At the beginning of '70 years were available 140 automobiles models. Now days are 260 models. Even on a small market – how is the sport automobiles market Ferrari, which cost 175 000 dollars for a piece – the competition is growing. Are available Lamborghini, Aston Martin models, a new sport car Bentley and a new Mercedes named Vision SLR<sup>475</sup>

In order to select the adequate market strategy is important to make a careful study of organization environment and organization financial, material and human resources.

According to Thorelli marketing strategy is the organization reaction at the environment evolution and physiognomy; we can have two possible reactions. A first reaction consists in the modify of the actual rapport between organization and its environment. We can give as example Mercedes Company which launches a new product on a new market: Mercedes A Class. Mercedes Company was first automobile company which attacks this market share and also maintains the luxury characteristics, the comfort and the safety of his models.

Mercedes Company officials declare: Veritable luxury is when absolutely nothing is missing. You want five doors or three are enough? In case of A Class you can have booth. In Coupe case you will win more elegance and sportive. Not even the passengers from the rear seats are forgetting because of EASY ENTRY system.

A second possible reaction suppose internal changes in organization, having indirect effects for relation with firms environment, for automobiles domain we can have the example of applying more performing technology in order to create different products comparative with the other competitors products and also products having a better quality. We can give the example of Mercedes Company which develop and implement safety system PRO-SAFE for his automobiles. By implementing this safety system Mercedes Company has one only objective: vision of driving without car accidents .

Philip Kotler identify in the article The Major Task of Marketing Management appeared in Journal of Marketing (October 1973) eight strategically alternative available for organization, he make this classification by using three dimensions ( the effective level of demand comparative to the wanted level, the evolution in time of the demand, the demand level of wish ) of products and services demand.

As possible market strategy, the automobiles producer can apply:<sup>476</sup>

*Market penetration strategy* supposes improvement of automobiles producer actual position on actual markets, in situation when automobiles producer offers the same automobiles. This item can be realized by improvement marketing activity, by improvement distribution and promotion. We can say that Dacia Company constantly improves its marketing activity, distribution and promotion after it was bought by Renault Company.

*Market development strategy* is a strategy used by the automobiles producers in order to find new customers segments which want actual automobiles for giving them new uses. We can give the example of pick-up

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automobiles with five places that can be used as utilitarian vehicle and also recreation vehicle. Mitsubishi Motors Company declare about L200 pick-up: Having a spectacular aspect, an interior comfort appropriate for a SUV, the equipping level and the exceptional all road performance made this pick-up a new reference.

*The reformulation strategy* obliges the automobile producer to continuously improve its automobiles in order to increase the sales on actual markets. We can give as example the improvement of fuel consumption for diesel engine made by Renault Company; the representatives of Renault Company declare that Renault diesel automobiles are the most economic diesel automobiles on the market.

*The market extension strategy* in case of the automobile producers is characterized by the modification of the products and also the introduction of the products on new commodity markets. General Motors Company developed Hummer automobile, as military vehicle used by American army, was then, because of consumers demands launch on the market in versions dedicated for civil consumers.

*Replacement strategy* means to launch to the same market of new automobile, based on improved technologies similar to the existent automobile.

*Product differentiation strategy* and market segmentation involves the development of new variants of a vehicle and to launch them on the market in order to satisfy certain segments of the market. French firm Dacia launched the first version of Logan Berlina, and then they developed Logan MCV, Logan Van and Logan Pick-up, note that all models have continued the Logan significant successes on the market.

By applying *the strategy of extending the line of products*, the automobile producing companies will follow the launch of new products that are based on related technologies and are intended for the same market segments. We have the reference A4 and A6 models issued by Audi company, even though the A6 is slightly larger dimensions, both models have engine 3 liter TDI engine and 3.2 liter FSI the only difference is the motor engine 4.2; common elements between motor are shown at models A4, A6 and A8 from Audi such as the 3.2 FSI engine, and for all three models is true the motto from A8: Comfort and dynamism at the highest level: by design exclusive and many innovations, the new Audi A8 defines the requirements of high class luxury Audi cars.

*Concentric diversification strategy* in the automobile domain will mean attracting new segments of buyers, adding new types of automobile in the current line of products. The Skoda company launched the Skoda Roomster as spacious family car that offers all the comfort of passengers, with the following presentation is a car that offers, despite its compact form, a feeling of space: will wait in front of a very well equipped driving room - behind a spacious and comfortable living room. Subsequently added a new variant of this car as the Skoda Praktik for a new segment of buyers.

*Horizontal diversification strategy* in the automobile domain will be the development of new automotive technologies using different technologies from the current existing market segments. Because of the rising price of petroleum products for automobile manufacturers trying to develop automobiles with alternative propulsion technologies.

*Lateral diversification strategy* is the production of new products which are related to current products which do not have the same technology, and market segment is quite different. Italian company producing tractors Lamborghini SpA Trattat owned by Ferruccio Lamborghini used a lateral diversification strategy when they launched on the market in 1963 the first model of sports vehicle, reaching now one of the most prestigious companies producing auto vehicles, in the sports luxury class with prices of over 200 000 euro.

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The product-market matrix analyses two dimensions, the market and also the product. About products we can say that the businesses are determinate by the services and products which are made to be sell.

The four quadrants of Ansoff matrix represent each of them an option which define a strategically answer for many internal and external factors.

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