

## Differentiated Marketing, a Thorny Problem



**Author: Lin Lei, Co-President & Joint CEO of Sinotrust**

The competition in the Chinese auto market is now becoming increasingly fierce. At the same time, the local governments in the tier-1 cities are gradually intensifying their efforts in easing traffic congestion and the markets in the tier-3 and tier-4 cities are experiencing robust growth. Therefore, regional marketing is more and more important for automakers, and how to design a feasible differentiated marketing strategy is a question that no automaker can steer off.

China's vehicle parc will soon exceed a hundred million, and the aftermarket is slowly maturing with the rise of the auto maintenance/repair, auto financing, auto insurance, used-car trade, auto culture and auto rental sectors. Under this circumstance, differentiated marketing will become increasingly complicated.

In addition, many large auto dealer groups have emerged in the Chinese market. When conducting marketing activities, these dealer groups need not only to consider regional features, product/service modes and consumers' characteristics, but also to tackle with different automakers. So, for them, how to design differentiated marketing is an even thornier problem.

To conduct differentiated marketing, what automakers lack is not the organizational, budget or marketing channel support, but effective methods and related decision-making ability. When making a differentiated marketing decision, automakers will face the following challenges in data chain operation.

### Challenge I. Ability to consolidate marketing data

Generally speaking, most automakers do not have a real DMS system. Some highly-informationized automakers have established a number of operational systems such as DMS, CRM, ERP and used-car database. However, due to the limitation of the internal division of labors, some of the systems desperately need consolidating. For those consolidated systems, the consolidation is usually shortsighted, unsystematic and superficial. At the same time, since there are auto dealers in between automakers and consumers, the indirect information-obtaining model also raises some concerns about data timeliness, validity, accuracy and comprehensiveness.

### Challenge II. Ability to make marketing decisions

To make a marketing decision, automakers need the supports from the following three channels:

1. Internal planning or marketing department's analysis reports. With limited information sources and less advanced analysis tools, the analysis reports delivered by internal planning or marketing departments usually focus on descriptive analysis but downplay the analysis of the future trends or market sensitivity. To solve this problem, automakers should establish a business intelligence system and an information application system at the automaker level or department level (marketing department), to consolidate the reports into a system and then make decisions on this basis.
2. Research or consulting services offered by marketing research firms. Traditional consulting and research theories and methods usually attach great importance to products, services, customers, dealership and marketing strategies, but ignore the practical exploration on the differentiated marketing in the auto market. Therefore, automakers and consulting firms should work together to seek breakthrough and find out innovative research methods.
3. Analyzable CRM and data mining. Currently, the analyzable CRM and data mining are widely used in the telecom and financial sectors, especially in the in-depth research on each aspect covered by the customer life span. Working jointly with the customer-contact methods adopted in database marketing, data mining can help us realize precision marketing. However, Chinese automakers only have little knowledge about it, letting alone using it. But considering its capability to make forward-looking predictions and its high compatibility with customer relationship management, we believe automakers will slowly understand and accept this method.

### Challenge III. Ability to carry out differentiated marketing

Effective data consolidation and analysis can help automakers design definite differentiated marketing tactics, strategies and even working plans. However, a differentiated marketing strategy usually concerns many time periods, customer groups, products, services, regional networks, marketing plans and marketing channels. It is a large and systematic system weaved with different sections (e.g. organizing, planning, distributing, implementing, monitoring, feedback and improving). Therefore, it needs an automatic marketing platform, which consists of an information system and a related operational system, to coordinate resources on various differentiated-marketing chains.

If we want to realize precise differentiated marketing, we must first have a strong data-application ability to make and carry out marketing decisions. On the path to achieve this goal, we will face the challenges of data consolidation, decision analysis and marketing implementation. However, they will also offer us opportunities and guarantees for success.

Website: [www.sinotrust.cn](http://www.sinotrust.cn)