

Audi Marketing Strategy

Name

Institution

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### **Company Overview**

Audi AG is one of top automobile companies in the global market. Established in Germany, the company is known for designing, manufacturing, marketing, and distributing luxury vehicles. The company has operated under the Volkswagen Group since 1965, but its history can be traced back to the 20<sup>th</sup> century following the partnership of Horch and the Audiwerke, DKW, and Wanderer in 1932 to form Auto Union (Volkswagen, 2019). It became part of the Volkswagen Group when Volkswagen acquired it from Dalmer-Benz. The name of the company “Audi” is a translation of its founder, August Horch, in Latin. The company’s logo is symbolized by four rings, each ring being a representation of the four companies that merged to form Auto Union. It offers a wide range of cars to suit the needs of the targeted market. The corporation is governed by a vision of becoming a premium brand worldwide, a commitment that has seen the firm adopting technological changes to remain at the top of the game. It is renowned for its trustworthy and coveted brand that is competing with other premium automobiles such as Volkswagen, Mercedes Benz, Toyota and Nissan (Volkswagen, 2019). This report focuses on analyzing the various marketing strategies that Audi Company has put in place which have facilitated the rapid growth to the top in the highly competitive automobile industry.

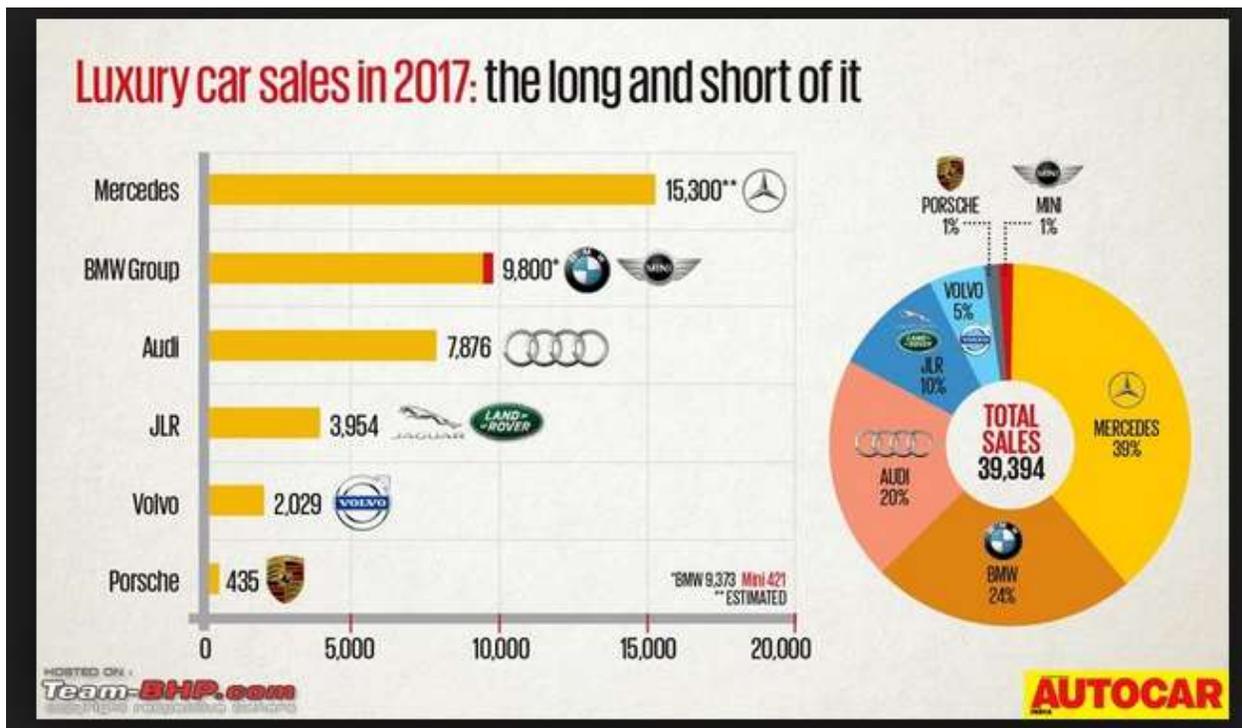
### **Market Segmentation**

Market segmentation is one of the fundamental concepts that marketers must understand because it impact almost every other strategic marketing undertaking. Segmentation is broadly described as the process of breaking up a market of probable consumers into various groups on the basis of various attributes (Yankelovich & Meer, 2006). The groups created represent consumers who will respond in the same way to marketing strategies and who have common characteristics. Segmentation is primarily on four bases: behavioural, psychographic,

demographic, and geographic. Companies that appropriately segment their market enjoy considerable advantage in the market (Yankelovich & Meer, 2006). Ultimately, market effective market segmentation is essential for the growth of profits.

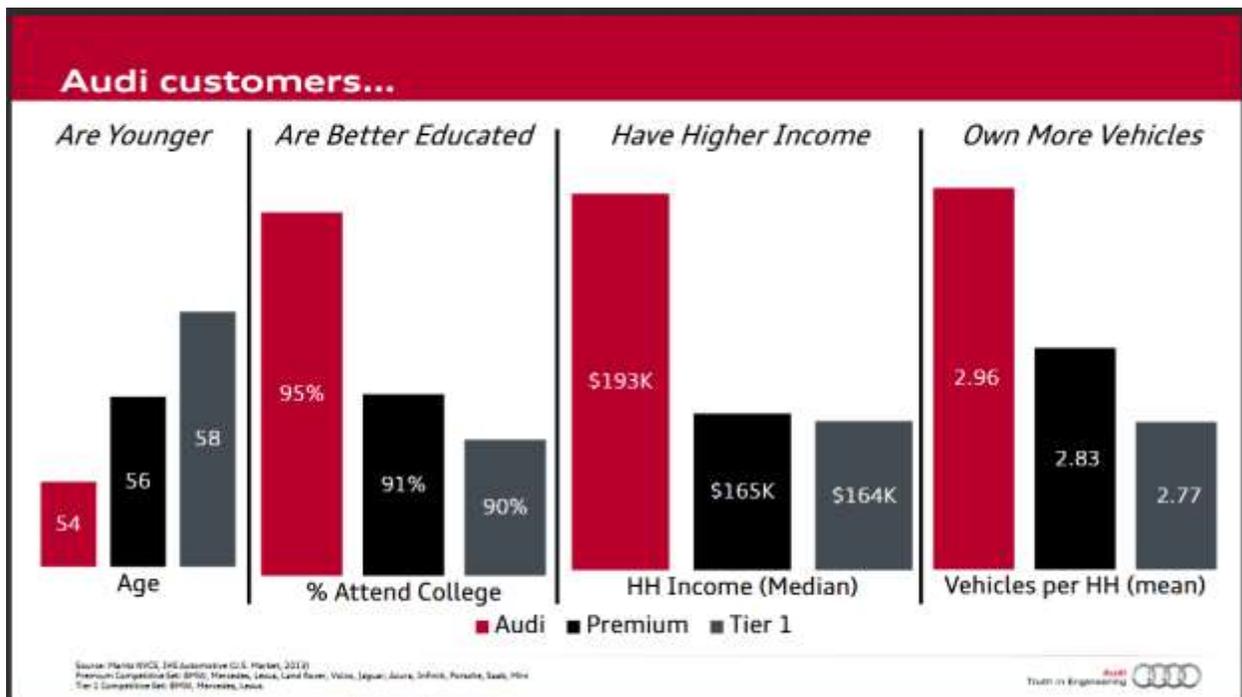
Audi has segmented its market into three groups on the bases of geographic segmentation, psychographic segmentation, and demographic segmentation. From a geographic point of view, the company produces and markets cars according to different regions depending on the economic status and environment of the regions. For instance, Europeans have preference for smaller cars compared to Americans (Cohen, 2014). In the upcoming markets such as India and Asia, the company may divide the market into urban and rural areas. Over the years, its sales performance has significantly improved in the Indian market, and it is currently ranked 3<sup>rd</sup> among the most selling luxury cars only behind BMW and Mercedes, as indicated in the below chart.

*Fig 1. Chart showing sales volume of luxury cars in the Indian market.*



Demographic refers to measurable information concerning consumers. Examples include income, gender, and gender. In reference to demographic segmentation, Audi produces cars for every income group globally depending on their level of income. From an age perspective, people in different age brackets have preference in different car models (Cohen, 2014). As such, Audi produces various car models which are appealing to consumers of different age groups depending on their tastes and preferences. Similarly, the company also produces various car models for men's and women's.

*Fig 2. Chart showing Audi's demographic segmentation*



Lastly, psychographic segmentation entails dividing consumers on the basis of their lifestyle, social class, and personality attributes. These factors are essential in making purchase decisions. Audi is known as a luxury car producer (Cohen, 2014). Therefore, it targets consumers with higher income levels, upper middle class to high class, who can afford their luxury products.

### **Marketing Mix-4Ps Model**

The 4Ps marketing mix is an important approach that helps the organization to focus on improvement on four fundamental areas: product, place, promotion and pricing strategies. The product strategy focuses on producing commodities that meet the needs of the consumers (Proctor, 2014). The place strategy enhances customers' accessibility to the products of a company at their convenience. The promotion strategy focuses on promoting the products manufactured by a company to enhance performance in the market (Proctor, 2014). The pricing strategy varies significantly from one company to another. It entails the strategy that a company selects to sell its products to the targeted market.

#### **Product**

Audi's products are distinct and unique in the market, making it easier for the customers to identify with it. Guided by its slogan "Truth of engineering", the company produces only high-tech, high-quality cars. Its products must satisfy high standards in various aspects such as safety, ecology, and economy (Volkswagen, 2019). The Audi brand has outshined other brands in the market in the production of luxury brands. Currently, the company's product portfolio includes a wide range of premium cars namely Sedan, SUV and Sports Cars. Among its products, the Audi A4 model is still considered the most popular. Technology is one of the fundamental pillars upon which the company's product developments are based. Particularly, its cars are evolving with the invention of new technology. Audi's cars are not only exceptional in terms of power, but also in their design.

#### **Pricing**

Audi has adopted the premium pricing strategy for their products. Many of the users of its products consider the Audi brand as a luxury. It is apparent that competition in the automobile

industry is stiff. Nonetheless, because of its high brand equity, the company has managed to attract premium customers who are willing to pay a relatively higher price for the company's products (Volkswagen, 2019). Primarily, its pricing policy is based on other premium cars manufacturers, a culture that has seen Audi competing with its rivals in the automobile industry. It is also imperative to note that the company's price varies significantly from one region to another and based on the economic conditions in a given country. In areas with higher income levels, prices are relatively higher compared to areas with lower income levels (Gbadamosi, Bathgate & Nwankwo, 2013). Ideally, Audi targets customers with higher income levels who are willing to spend a significant part of their fortune to enjoy the Audi luxury products. Additionally, customers can acquire optional features in their cars by paying an additional cost.

### **Place**

Audi's headquarters are situated in Germany yet the corporation has produced cars being used widely across the globe. It has established nine production facilities across the world, which makes distribution of its products easy and less costly (Volkswagen, 2019). The firm is also targeting the untouched markets with promising customers to increase its sales and revenue. For instance, it continues to invest in India and penetrating into the Asian market. It has a network of dealers that has helped it to maintain worldwide presence thus attracting more customers globally.

### **Promotion**

The Audi logo has been a critical factor in the promotion strategy of the company's products. The brand is recognized for its premium feature and participation in sporting activities. It also works closely with celebrities who promote the brand, an aspect that has led to increased

popularity across the globe (Volkswagen, 2019). The Audi Automobile has also utilized the digital marketing platforms to engage customers and sell its products.

### **4Cs Model**

The 4Cs marketing mix encompasses four critical factors (Clients, Cost, Communications and Convenience) that when managed well can enhance the performance of an organization in a competitive market. It is critical for the strategic leadership of a company to focus on producing products that meet the needs of the clients at a reasonable cost of production (Proctor, 2014). The mix also seeks to analyze the ability of an organization to produce products at the convenience of the consumers using appropriate communication channels. Audi has established its target market based on the 4Cs marketing mix to gain prominence over its competitors in the automobile industry. The mix is based on the clients, costs, convenience and communication.

#### **Clients**

The company is committed to conducting feasibility and marketing studies to ascertain what exactly the customers want. Different customers have different tastes and preferences and understanding exactly what they want is important for marketers. Particularly, this information is necessary for Audi in designing products that meet the needs of the customers beyond their expectations (Volkswagen, 2019). The company has adopted customer orientation approach in designing and marketing of its products in the sense that understanding the customer needs dictate the nature of products it creates

#### **Cost**

The costs of products go beyond the selling price. Audi is keen to identifying the costs that it will incur to satisfying the needs of its customers through the production of premium luxury cars (Volkswagen, 2019). It has also transferred the production cost to the customers

through its premium pricing policy. This has seen the automobile firm producing cars that meet the needs of the targeted market irrespective of the cost of production.

### **Convenience**

Convenience is mainly concerned with how and where the customer wants to purchase the product. Customers can only pay for the cost of a product only if they find it convenient. Audi is focused on making it easy, simple, and fast for their customers to purchase their products (Volkswagen, 2019). It has also manufactured and availed its products to the targeted market at the convenience of the customers. This has been possible through its wide network of dealership across the globe to enhance accessibility to its products.

### **Communication**

Communication is an important aspect in marketing. Primarily, communication is concerned with the way the organization interacts with the consumers. Audi has invested in enhancing communication, an area that has improved customer relations and led to increased sales and profit margins. It has established various communication channels, internally and externally. For instance, within the organization, it has adopted an open-office communication policy, which has enhanced effective flow of information between the employees and the management (Volkswagen, 2019). To promote a closer link to the customers and other stakeholders, Audi utilizes social media such as Twitter, Facebook, and company website and this approach has significantly improved information sharing between the company and the consumers.

### **Differentiation Strategy**

Differentiation is a strategy that focuses on distinguishing a product from other similar products the competitors are offering in the market. Thus, the objective is to create a product or

service that is exceptional based on various factors such as brand, design, features, or quality. Differentiation can be pursued on the basis of product, pricing, and organization (Proctor, 2014).

Audi's differentiation strategy is based on all the three bases: product, pricing, and organization. In terms of product, the company is known for producing unique products compared to its close competitors (Gbadamosi, Bathgate & Nwankwo, 2013). It has achieved product differentiation through pursuing and implementing innovative technology to enhance product design, comfort, performance, safety, and economy of its cars.

In terms of pricing, Audi prices are dictated by the market forces. It means that its products are priced similar to those of its competitors. However, they have ensured that customers enjoy higher value at this prices compared to what they can get from the products of the competitors (Gbadamosi, Bathgate & Nwankwo, 2013). For instance, although Audi's products attract a similar price to the products of BMW and Mercedes-Benz, its closest competitors, customers get more features in Audi's cars that they cannot not get in BMW's or Mercedes-Benz's cars unless they meet additional costs for the features. Equally important, Audi focuses on achieving organizational differentiation. This has been achieved through having a unique brand name, being strategically located in its markets, and creating customer loyalty.

### **Competitive Advantage**

The relative position of a company within the industry influences its profitability. A sustainable competitive advantage is an essential foundation of above average profitability (Proctor, 2014). Ideally, a firm can possess two categories of competitive advantage: differentiation or low cost. In differentiation, the firm objectively focuses on being unique in the industry in relation to its competitors. On the other hand, in low cost, the objective is to minimize

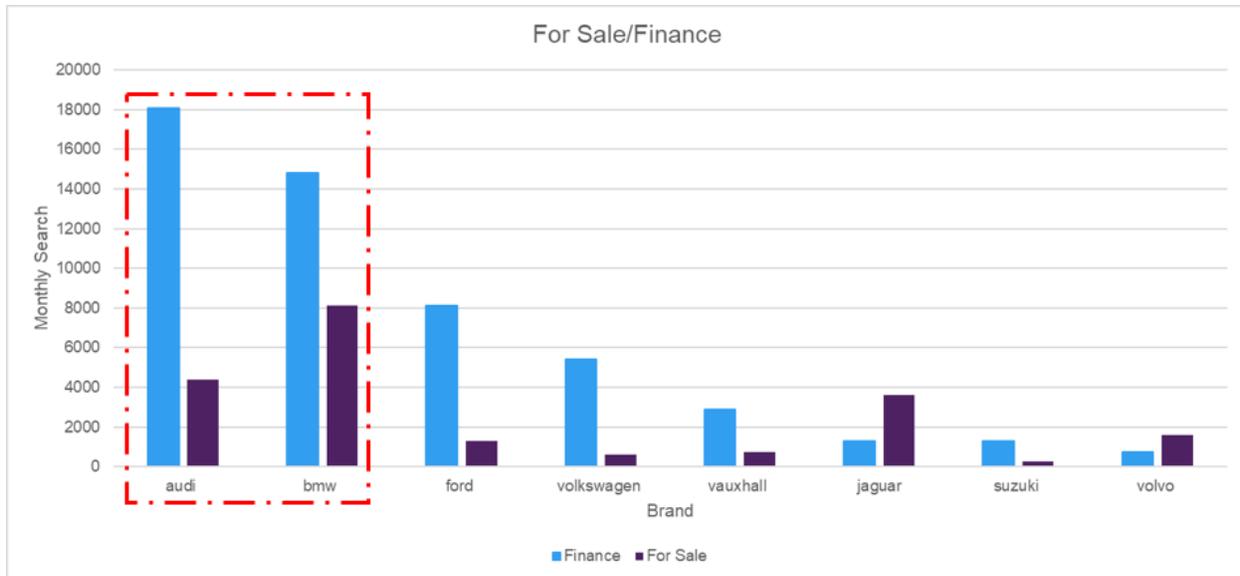
costs to the lowest possible, allowing the firm to offer its products at relatively low prices compared to similar products in the market.

Audi is known to pursue the differentiation competitive strategy. Particularly, it has positioned itself as a luxury car producer and has focused on producing products that satisfy the needs of premium customers (Gbadamosi, Bathgate & Nwankwo, 2013). Furthermore, in order to differentiate its products from the other premium car producers, Audi is known for creating cars with unique design and high-tech features which are sold at a low price compared to other luxury cars. Therefore, Audi's customers are assured value for their money every time they purchase the company's products.

### **Internet Marketing**

Internet marketing has transformed multinational corporations across the globe with Audi being no exception. The automobile producer has benefitted significantly from internet marketing, a strategy that has offered myriad opportunities (Proctor, 2014). Internet marketing refers to the use of the internet and other digital platforms powered by the internet to promote products. It is also known as the online marketing, as it seeks to use the Web and the email via the electronic commerce to increase sales and profits of a company. Internet marketing requires the company to design and run an active website where it can interact with the customers as well as sale its products (Proctor, 2014). To signify the significance of internet marketing in Audi, it is currently among the most searched company with improved financial performance outshining other premium cars such as BMW shown below.

***Fig 3. Chart showing the most online searched premium cars and projected sales***



Audi has benefitted from the online marketing. This owes to the fact that it has used the internet platform to attract and strengthen its customer base and following across the globe. It has an active website audi.com where customers can interact freely with the company (Audi Group, 2019). It has also used the website to provide product information to the customers, an aspect that has helped them to make informed purchasing decisions when contemplating to buy the premium brands. Successful companies are committed to running active websites where customers can access vast information regarding their activities, products and contributions to the society. Audi has utilized this platform by updating the information on its website regularly to meet the needs of the targeted market. This has also helped the company to gather feedback from the customers and later used the information to inform the production of its products and the production systems.

Audi is using the social media platforms to market and sell its premium products. It is using the Facebook platform to attract a huge following that has marketed its products. Facebook media has opened many corporations to numerous market opportunities. It has also helped companies to increase their presence globally, thanks to the internet platform (Audi Group,

2019). The use of Facebook, Twitter and other social media has significantly decreased the production and marketing costs of Audi. This owes to the fact that it is characterized by a low cost yet it has a wide reach. The traditional advertising and marketing methods are more expensive than online marketing. This decision of Audi to adopt the strategy in marketing has significantly reduced the operational costs while at the same time contributing to the fame of the global automobile producer.

Audi has benefitted from the internet market in many ways. It has used the platform to offer goods at customers' convenience as per its 4Cs marketing mix. Internet marketing is characterized by incredible convenience that has helped Audi to reach out to its customers across the globe. It has also made it possible for Audi to measure and track its performance and results in the automobile industry (Gbadamosi, Bathgate & Nwankwo, 2013). This has enabled the management team to make informed decisions that have enhanced efficiency and quality of its premium products. It has also promoted demographic targeting, a strategy that has seen Audi identifying and producing cars that meet the needs of the customers based on their demographic characteristics. Being a global company, internet marketing has made it possible for Audi to market itself global. Global marketing has seen the corporation identifying promising markets that are untouched for exploitation to increase their sales and profits. Technology has made it possible for Audi to automate its marketing and advertisements to reach out to customers 24/7 a day (Gbadamosi, Bathgate & Nwankwo, 2013). Without a doubt, the online marketing has significantly contributed to the increased performance of the Audi products in the global market.

Audi is a role model for other companies in the automobile industry when it comes to online marketing. This owes to the integration of the online marketing strategies with the traditional ones to enhance sales. It has employed both the traditional and digital marketing to

reach out to a wide range of customers (Volkswagen, 2019). However, it is imperative for the management to evaluate the contributions of its marketing strategies to invest more on those that guarantee high returns and sales volumes. This will help the firm to target the appropriate market segment and address their needs satisfactorily. It should also consider entering the promising markets that are untouched to increase its sales and returns. However, there is the need for conducting feasibility studies in such areas prior to investing to make excellent capital investment decisions (Volkswagen, 2019). Failure to do that will result in unprecedented loss that could injure the financial stability of Audi, thus leaving it in a delicate situation that could give its rivals an edge over them.

### **Experiential Marketing**

Experiential marketing is a new strategy that entails marketing a service or product through experiences engaging the customers with an aim of creating healthy customer relationships. Audi has been committed to creating and maintaining healthy customer relations to remain viable in the automobile industry (Proctor, 2014). More so, it has been keen on winning customer loyalty through the production of premium cars that meet the needs of the customers beyond their expectations to encourage a repeat business. Experiential marketing has made it possible for Audi to engage and interact freely with its customers exchanging views concerning the performance of the products purchased. The feedback from the customers has helped Audi to improve its products, a practice that has seen its brands outshining those of its competitors in the global market (Gbadamosi, Bathgate & Nwankwo, 2013). Responding to customer concerns, issues and questions helps a company to create and maintain healthy relationships. This explains why Audi has succeeded in winning the trust of the customers as a trustworthy premium brand in the global market.

Customer relations are an essential element in marketing that Audi takes seriously. This owes to its effect on the success of an organization operating in a highly competitive environment. This has seen Audi remaining committed to offering quality products to the customers that leave them with an Audi experience, satisfying their needs beyond their expectations (Gbadamosi, Bathgate & Nwankwo, 2013). Audi has a culture of putting its customers first. This has helped the management to respond to the customers' concerns timely, an aspect that has encouraged them to continue doing business with the corporation. The incorporation of customers' views into the company's decisions has seen the customer want to associate themselves with the automobile manufacturer. This owes to the fact that they feel that the company is taking them seriously and values their contributions (Audi Group, 2019). This strategy has not only helped Audi, but also other companies operating in the automobile industry such as Toyota. This shows that an organization that is committed to appreciating the feedback from its customers enjoys a healthy working relationship with them, thus encouraging them to establish repeat businesses. The company is also giving discounts to its customers as a way of attracting them to purchase its products. Discounting has helped many businesses not only to attract a high traffic of consumers, but also maintain healthy customer relations to remain relevant in the market (Volkswagen, 2019). Audi is among the corporations benefiting from the healthy customer relations in the automobile industry.

Effective management of experiential marketing adds values to a business, as it is in the case of Audi. The top leadership has practice of engaging the employees and customers in meaningful discussions with an aim of rectifying mistakes and errors that could undermine the performance of its brands in the market (Audi Group, 2019). The management has adopted the consultative approach in leadership to engage both the clients and employees to add value to its

products. It has prepared questionnaires and survey questions to help it collect essential information that has been critical in the assessment of the overall performance in the market.

It has also published the views and feedback of the customers on its website and social media platforms as a strategy for managing its experiential marketing. This has been used by the firm to encourage potential customers to purchase their products following a life-changing experience realized by those who are already using the Audi products (Audi Group, 2019). The performance of Audi in the market is commendable and owes to its experiential marketing. This makes it imperative for the management to continue using the strategy and even apply it more to outperform giant automobile manufacturers. Companies that have paid little attention to experiential marketing in the automobile industry have registered poor performance and results, thus making it inevitable for Audi to maintain a high reputation across the globe.

### **Conclusion**

The excellent performance of Audi in the automobile market owes to its marketing strategies characterized by the 4Ps, 4Cs, internet marketing and experiential marketing. These strategies have contributed to the increased sales and profits that have improved the financial stability of Audi. Despite facing increased competitions from other automobile corporations such as Mercedes Benz and Nissan, Audi has remained alert to identifying and exploiting new markets while adopting its marketing strategies to remain relevant in the market. The ultimate aim of Audi when it comes to marketing is to maintaining healthy customer relations, an area that the company has done extremely well. It is also critical for the corporation to utilize the online marketing more to benefit more. Audi should take advantage of the widespread internet connectivity to reach out to its customers while at the same time reducing its operational costs significantly. Without a doubt, understanding the marketing strategies and practices employed by

a company is essential to appreciating its performance in a dynamic business environment. Audi is a company worth emulating, thanks to its selection and implementation of the multiple marketing techniques to increase its sales volumes and returns.

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