Two distribution strategies automobiles and jewelry marketing essay

The automotive industry is facing perhaps the greatest amount of diversification in the current era of marketing, whereby new distribution challenges and integration practices

have emerged in this era, where automatized and traditional marketing models have finally been rendered obsolete. The current emphasis is on moving away from the weaknesses which have cropped up in traditional franchised-dealer distribution channels in an era of foreign competition and environmentally conscious perceptions and sensitive public audiences. Manufacturers are now faced within the automotive industry with the expansion of participation in customer life cycle chains in order to improve product value. The basis of competition is shifting from service and management of consumer purchase and ownership experiences to mutually beneficial life-cycle value equations of both cars and buyers, and the development of innovative strategies to capture that value (Klein, 2000). Life-cycle value is now equated with environmental friendliness as well as comfort (not luxury, a shift in terminology), and fuel economy as well as appearance. The new saviness and conscience of the automotive industry consumer public requires new marketing channels that appeal to different demographic groups as well traditional purchasing audiences, where the offerings that a car possesses have more value than just the appearance of brand recognition but has an environmental and social impact at some level as well.

Forces of change were formerly create as logical extensions of the supply push model, which research reminds us of. Today, the supply-push model is too product-focused in an era when there is a need to be consumer-centric

and meet all the diverse needs of the consumer in the current era of environmental awareness, and financial hardship.

The fact is traditional dealer channels leave many people unhappy, and shrinking dealer margins have become a problem in attaining customer satisfaction at the other end of the marketing experience and chain. Unappealing and unmanageable and discouraging acquisition costs of customers have forced dealers to think outside the box in terms of adding value to their products, to consider new channels that are aligned and integrated with environmental and social concerns.

Like most consumer durable industries, the automotive industry is undergoing substantial distribution-channel evolution due to economics, regulatory and technological changes. To this end, channel intensity has focused on investment and improvement in delivered value, to the end of reduction in costs of marketing and acquisition. Foreign competition has forced all manufacturers to reduce costs and provide economically strategic lean practices in manufacturing as well as cost efficiency in vehicles, fusing marketing strategy with organizational infrastructure to unify the branding experience and product cohesion. Channel integration is now focused on meeting the needs of specific consumer segments, so that the channel function becomes “ unbundled and restructured into more efficient or more appealing formats for defined groups of customers” so that “ customer value is further enhanced through lower prices, better service or greater variety (Hirsh et al, 1999).”

This gives rise to new paradigms for distribution but along the entire value chain. This further gives rise to a diversification and expansion of channels to satisfy different marketing segments, from social networking to print and media advertising. The automotive industry is diverging as far as images are concerned, but now emphasize environmental and economic components such as efficiency and conservativeness of emissions and economy of costs of driving and repairs. These companies are reacting to the fact that the consumers are becoming more savvy and discerning, bringing with them a set of values that they will use to measure the desirability of the car with. The new marketing strategies are consumer-based, and campaigns are formulated around the needs and preferences of the consumer., relying on uses experience to assert the alternative values of distribution channels as a means by which to put forth knowledgeable and socially conscious product value and culture to the more discerning and socially conscious customer.

To this end, marketing formats become fixed to distinct characteristics such as points of sale, service offerings and business processes within a general channel definition. Research points to the the example of the Lexus versus Chevrolet format, where Chevrolet relies on traditional models of reference that emphasize appearance luxury and utility while Lexus puts forth culturally aware dimensions of economic concern and savvy formatting that both integrates consumer needs and manufacturing channels through traditional and non-traditional outlets and weeds out older traditional notions that are manufacturer or brand-centric and that formerly relied on brand name and reputation to sell automotive products in the former era of

automotive channel marketing in America. The variation in channels and formats indicated by the marketing range between consumer positioning

indicated in the Lexus versus the Chevrolet format indicates continued variation We expect much more variation in channels and more distinct positioning in terms of the purchase and ownership experience they provide, “ further shifting the basis of competition from product to services and brand attributes (Hirsh et al, 1999).” In short, the automotive industry channels has shifted from a brand and manufacturer-oriented industry to a consumer-centric one.

Jewelry

Alternative forms of channels integration in the jewelry industry are affected by the size of the product and the market of the product. Jewelry being a sentiment and romance-based marketing channel that becomes more popular and relevant at certain times of year, ie seasonally, where new methods for distribution such as mail and internet marketing will have more relevance because of the increased use in the age of the internet to lower costs of distribution and thus acquisition by the consumer as well. The time of year and the means of distribution have a proportional effect on the delivery of the cost of jewelry.

Tiffany’s the most well-known brand, integrates the seasonal traditional popularity and reliability of jewelry sales with new lowered overhead opportunities provided by the internet to alternate channel integration through relying on the operation of subsidiary companies operates through its subsidiary companies as specialized distributors whose merchandise

offerings “ include an extensive selection of jewelry (91% of net sales in fiscal 2011), as well as timepieces, sterling silverware, china, crystal, stationery, fragrances and accessories (Shareholder, 2012).” The use of subsidiaries provides the innovative marketing mix by which Tiffany’s can re-align jewelry sales to be consistent not only with new product attributes such as with automobiles, but with new mediums of delivery of products where savings from reduced overhead as opposed to knock off quality or wholesale approaches can be passed along to the customer while also maintaining the branding experience of the parenting company as well (Perner, 2012). The specialization and subsidiary process enables the company to maintain the appearance of the higher brow high end distribution and marketing channels that focus on specific versions or variations of jewelry of the parent company’s otherwise widespread stock.

In this new channel marketing era, the company states that is key growth strategies are “ to selectively expand its channels of distribution in important markets around the world without compromising the long-term value of the TIFFANY & CO. trademark; to increase sales in existing stores by developing new products; to increase its control over product supply and achieve improved profit margins through direct diamond sourcing and internal jewelry manufacturing; to enhance customer awareness through marketing and public relations programs; and to provide customer service that ensures a superior shopping experience (Shareholder Information, 2012).” like the automotive company, we see how Tiffany’s as a jewelry leader is expanding the marketing mix to include more focus on value delivered to the customer, but the format and size and seasonal nature of the consumer purchasing

behavior enables the jewelry industry to maintain traditional marketing approaches while altering brand value for the better by lowering costs that are delivered to buyers within a conventional cultural format that Tiffany's can adapt to in order to enhance the power of its own brand and the propriety of its distribution alternatives and channels in the age of online marketing, maintaining the core product characteristics tied to season and sentiment that will never change or need to be adapted as was necessary in the automotive industry (which had to attach new product value in marketing channels to meet customer preferences) thereof in the automotive industry's more intensive and less exclusive channel intensity approach thereof.

Sources

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