

Analysis on the Market Positioning of Luxury Autos Marketing Strategy under the Chinese New Consumption Upgrading—taking the Case of Bentley Continental GT

Minqiao Hu¹, Shuang Qiu^{2,*}

¹ Deputy Section Chief of the Administrative Approval Bureau of Chengdu Economic & Technological Development Zone, China

² School of Foreign Language, Chengdu University of TCM, Chengdu, China

*corresponding author

Keywords: Consumption Upgrading, Market Positioning, Luxury Autos.

Abstract: Affected by the economic environment, the decline of Chinese auto market has expanded again in 2019. However, the luxury car market has taken the new round of consumption upgrading as an opportunity, maintaining the trend of growth. This article takes Bentley Continental GT (the best-selling model of Bentley) as the case to analyze how it via market positioning to segment market, target customers, and adjust a series of marketing methods to achieve stronger market performance under the new consumption upgrading.

1. Introduction

2019 is a difficult year for China auto market, the overall auto market fell by 7.8%, but the luxury auto market has achieved a growth rate by 7.6% compared with 2018. Under the new consumption upgrading, auto consumer groups and auto consumption views are going through structure changes. Based on this environment, 2019 is also a significant year for luxury car brands, such as Bentley. Bentley's global sales has achieved at 11006 units with an increase of 5% over last year, and Continental GT was the best-selling model of Bentley in 2019 with sales up 54% year-on-year[1]. This article will take the case of Bentley Continental GT to concretely analyse how do Bentley via market positioning to present reasonable marketing strategies and respond fierce competitions among other luxury car brands under the consumption upgrading. The information of online interviews from 50 Bentley Continental GT purchasers will be applied. Besides, marketing concepts (STP and 4P) will be discussed. Finally, some conclusions will be proposed.

2. History of China Consumption Upgrading

Since the reform and opening up in 1978, China has experienced three consumption upgrading. Each upgrading has deep era imprint, promoting rapid economic growth. The first consumption upgrading appeared in the late 1970s to early 1980s. During that period, reform and opening up released people's suppressed consumption desires and promoted the supply of necessities of life. In terms of consumption structure, the consumption proportion of light industrial products rose, which strongly stimulated the development of light industry and textile industry in China. The second consumption upgrading occurred in the late 1980s to the late 1990s. In that stage, with the further development of economy, there were rapid growth in household appliances consumption and a high-end development trend of durable consumer goods. It produced a major drive for electronics, steel and machinery manufacturing industries[2]. Nowadays, we are in the third consumption upgrading. Under the influence of cloud computing, internet of things, big data and other new generation information technologies, emerging industries have been booming, which thereby brings the third consumption upgrading. This upgrading closely relates to the quality of goods and services and the accumulation of wealth, meanwhile people are more demanding for service-oriented and spiritual needs.

3. Impacts of Consumption Upgrading on Luxury Auto Market

On the one hand, the interaction produced by the emerging of new wealthy class and car replacement cycle brings great opportunities for luxury car brands. The prosperous of emerging industries has driven the appearance of the new wealthy class born in 80s and 90s with higher potential consumption power. This group have significantly different luxury consumption preferences from other classes, they are more willing to pay for brand premiums and pursue individuality. Besides, China's auto market is ushering the replacement cycle, which also brings new expansion opportunities for high-end car brands. Basic needs of Chinese nationals (e.g. owning a private car) have been met during past rounds of consumption upgrading. Hence in this situation, it is difficult for ordinary cars as a mass-consumer product to keep strong growth and meet more advanced consumption demands such as socialization, individuation and value realization. On the other hand, a critical challenge for luxury cars is how to show their richer qualities than the product itself to customers. As a luxury brand, it is not only a simple stack of technology or product, but also the precipitation of brand value in history and the representation of a lifestyle and cultural tone[3]. Therefore, in addition to make product innovation and channel expansion, luxury auto brands also need to make marketing strategies transition around target groups, in order to spiritually satisfy advanced aesthetic needs and value recognition needs etc.

4. Market Positioning of Bentley Continental GT

From 2002 Bentley entered the Chinese market with only 41 sales to 2019 China has become the third largest single market of Bentley. In China market, Continental GT as the sports sedan is particularly popular and recently become the best-selling Bentley car series with an increased sales.

4.1. Segmentation

According to the statistics of 2019 Chinese per capita GDP, there are nine provinces(including municipalities) exceeds 10,253 US dollars[4]. Among them, people living in eastern coastal regions have the maximal probability of buying Continental GT as these districts have higher per capita income, which means that there are relatively many wealthy group.

①Age .Most of Bentley Continental GT consumers in China are between 25-35 years old. These younger consumers generally have their own opinions on luxury autos, unlike the elderly wealthy group whose consumption demands of luxury goods have not yet reached a level of pursuing personalization just go for a high price or brand.

② Gender. Female customers will be particularly concerned about colour and appearance when they buy a car. While Continental GT focus more on the sporting performance and driving experience, which is more in line with the consumption desire of male purchasers. Therefore, Bentley Continental GT's customers are mainly male.

③ Income and Occupation. Considering the high price of Continental GT, the target group is basically the richest class with the highest income. Generally, people with an annual income of 1.4 million US dollars can afford such a luxury car. Accordingly, these people come from leaders of various industries, successful entrepreneurs or the second-generation rich. Currently, some executives and freelancers also have purchased Bentley Continental GT to meet own needs.

④Education level. In current Chinese society, as the process of urbanization is accelerating, not only the labour force structure is diversifying, but the accompanying value orientation has also begun to diversify. Particularly the target customers of Continental GT, most of them have higher education, and many have experience studying and working abroad. Because of this, its target groups usually have own unique insights and tastes, not just the pursuit of a brand or a high price.

① Social status. As mentioned before, customers who can afford Continental GT are generally successful people. They have extremely strong appeal can affect surrounding people, therefore this group of people has a relatively high social status, can be respected in society, and can even play a celebrity effect.

② Lifestyle. Bentley Continental GT belongs to the ultra-luxury level of convertibles, and it is basically difficult to find competitors in other brand convertibles because of its luxury level as well as sporting performance. So, it is the obvious choice for outdoor sports enthusiasts who pursue a healthier lifestyle.

③ Personality characteristics. For luxury consumers, unique products, distinctive marketing strategies, well-established brand image and high-quality after-sales service can effectively attract them and thus satisfy their luxury consumption motivations. People from upper class will not blindly worship luxury goods. On the contrary, they are more rational and realistic and focus more on whether this luxury product meets their unique tastes or aesthetics rather than price, they also require products to be more prominent and personalized.

4.2. Targeting

The target market of Continental GT is segmented based initially on demographics centred on age and income. The target market is likely to be mainly young upper-class with fairly high incomes who are accustomed to the high-quality consumption habit and are willing to pay price premium for it. Also, following on from the demographic segmentation it can be assumed that Continental GT undertakes psychographic segmentation by targeting those who are seeking a method to express their unique personalities and to demonstrate their wealth through buying an ultra-luxury convertible what ordinary classes cannot afford.

Online interviews that focused on 50 Bentley Continental GT purchasers' occupation, age, living city, buying motives are conducted. It finds that some coincident viewpoints of interviewees to this luxury convertible product. As Figure-1 shows, 72% of them are young generation aged at 25 to 35 years old, and 60% of them are profilers of emerging industries (e.g. IT and Financial industries) and others mainly are family business successors who live in provincial capital or eastern first-tier cities such as Beijing, Shenzhen, Shanghai, and Chengdu etc. Furthermore, 72% of them emphasized that Bentley Continental GT perfectly expresses own distinctive personalities better than other brands products (e.g. Rolls Royce or Benz).

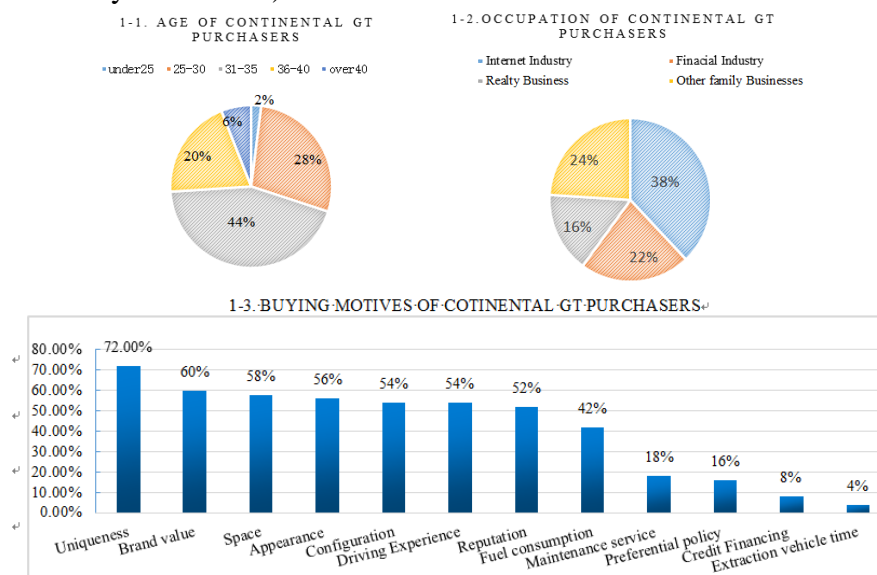


Figure 1 Online interview results

To some extent, it can be inferred that Bentley has accurately targeted the Chinese new wealthy class who have stronger desires to express personalities and pursue a stylish image of a private car, and has taken a series of marketing tactics to push target groups to get closer to its product. Compared with its competitors, Rolls-Royce also targets social elite classes, but it seemingly does not bother to break a stereotype that is only favoured by mature elder upper-class. Meanwhile, some top luxury convertibles of Benz (e.g. Benz S500 Coupe) whose pricing is comparable to that of Bentley Continental GT. However, due to Benz entering the China market earlier (in the 1980s) than Bentley, hence it has a

wider customer base which crosses upper-classes and middle classes, which causes young upper customers think that Benz is more universal but with less uniqueness.

5. Marketing Emphasis Based on Market Positioning

In essence, the most basic aim of positioning is to differentiate its own product from other competitors, thereby to create a specific product image in the minds of target groups[5]. According to the product's positioning and marketing mix elements, Bentley Continental GT has achieved sensible marketing emphasis based on its accurate market positioning.

5.1. Highlight Sporting Performance

Basically, convertibles' consumers are different from executive car's purchasers, the former are younger and do not need private chauffeurs. These young customers who praise the sport spirit are more willing to drive by themselves, enjoying pleasures of driving speed. Continental GT catches this point and caters to the preference of target customers. Continental GT provides a W12 twin-turbo engine to bring a variable displacement system that combines lower emissions with greater output, elevating the power to 590 PS[8]. By comparing different driving experiences with its competitor (Rolls Royce Dawn and Benz S500Coupe), consumers can find that Bentley Continental GT's more sufficient power and stronger gearboxes (Table-2).

Table 2 Automobile performance comparison

Product	Bentley Continental GT	Rolls Royce Dawn	Benz S500Coupe
Horsepower (PS)	590	563	456
Maximum speed(miles per hour)	196	155	155
Comfort level of driving	excellent	excellent	good

Source: Bentley website, Rolls Royce website and Benz website

5.2. Focus on Private Customization

Although price itself is not the sales basis of luxury cars, but it is an important positioning factor. Continental GT's target customers who pursue conspicuous consumption enjoy the high pricing because they can experience the product value what contained in high price, such as the private customization of their cars. So Continental GT has positioned itself at a niche market with high-quality private customization service(Table-3). It can be explained by using perceptual mapping (Figure-2), in which Y-axis means the degree of price (high or low) and X-axis stands for standardization or customization. Bentley Continental GT is in the most right quadrant (relatively moderate price and highest customization). Rolls Royce Dawn is in the topside of right quadrant (highest price with customization) and Benz S500 Coupe is in the left quadrant (relatively low price with standardization). As mentioned before, Continental GT's target customers are those who have a strong desire to show young personal styles as the unique private customization makes them are more pleased to afford Continental GT.

Table 3 Pricing and customization comparison

Product	Bentley Continental GT	Rolls Royce Dawn	Benz S500Coupe
Pricing (RMB)	248-354 million	252-472 million	200-223 million
Standard exterior paint finishes	17 types	16 types	9 types
Additional paint finishes	100 types	42 types	11types

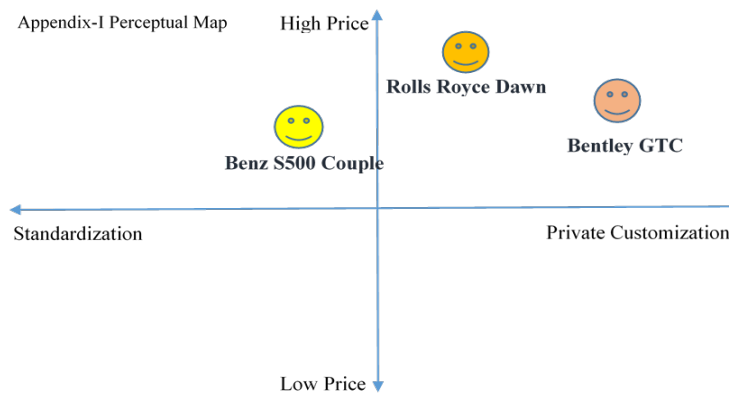


Figure 2 Perceptual map

5.3. Innovating Marketing Channels

Innovating marketing channels is another key element which is beneficial for Bentley Continental GT's differentiation. Actually, due to historical and economic reasons, Chinese ultra-luxury car market is not as mature as the European and American, and unlike western consumers, initially majority of the younger group are not familiar with the history and value of Bentley. In consideration of the new changes brought by the consumption upgrading, in order to obtain more target group's attentions and keep enough exposure in brands competitions, Bentley is constantly finding new marketing channels. On the one hand, Bentley makes full use of social networking APPs to create buzz marketing. It keenly aimed at Wechat (the most popular social APP among Chinese young people) to popularize Continental GT series to young people. Continental GT's advertising is continually pushed to follower's social home pages, the advertising is concise and clear with 3D pictures what display details of exterior and interior designs of Continental GT in 360°perspective.. This kind of palm auto show advertising helps Continental GT successfully first become the hot topic among target groups compared with its competitors. On the other hand, in order to advertise its brand heritage what is given to Continental GT, various private activities naming by Bentley (e.g. charity dinner, art-related salon etc.) are hosted in many first-tier cities. The young upper class are usually keen on charity and have interests in pursuing art so they are pleased to participate in this kind of activities, which gradually influences them to accept Bentley Continental GT is sold as a moving art.

6. Conclusion

According to Maslow's Needs Theory, in this context of the new consumption upgrading, social needs, respect needs, and advanced needs have become new goals pursued by mainstream groups in Chinese society, so luxury cars and ordinary brand cars have begun to differentiate their markets. The reason why Bentley Continental GT is able to maintain high growth is that it has radically find the new wealthy segment target group created by the new consumption upgrading, and accurately adjust market position, and has done a series of product innovation, channel innovation and marketing method innovation around its target customers. Thereby it satisfied consumers demands for driving experiences, aesthetic needs and value recognition, achieving excellent market results.

References

- [1] Official Bentley Motors website. [Online] Available at: <https://www.bentleymotors.com/en.html>, 2019.
- [2] Xin, dan., Yin, Theoretical. Analysis on the Research of Consumption Structure Upgrading in China. Value Engineering, no. 05, pp. 258-259, 2017.

- [3] Pollitt, D. Bentley accelerates internal promotions: Academy helps to train managers of the future, *Human Resource Management International Digest*, vol. 17, no. 2, pp. 36 – 38, 2009.
- [4] China Academy of Management Development Science. Available at: <http://www.zgyhys.org>, 2019.
- [5] Brassington, F., Pettitt, S. *Essentials of marketing*. 3rd ed. Harlow, England: Pearson, 2013.