

# **ŠKODA AUTO VYSOKÁ ŠKOLA, O.P.S.**

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## **The influence of the Octavia follow-up marketing campaign on the EU5 markets sales**

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I hereby declare that I have done this Bachelor Thesis myself using the cited literature and under the guidance of the Thesis Supervisor.

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In Mladá Boleslav on 24.04.2017

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## **List of abbreviations**

B2B – Business to Business

B2C – Business to Consumer

CRM – Customer Relationship Management

EU5 – European Union 5 includes France, Germany, Italy, Spain and United Kingdom

IMC – Integrated Marketing Communications

KPI – Key Performance Indicator

WRC – World Rally Championship

OOH – Out-Of-Home advertising

PoS – Point of Sale

4P's – marketing mix (product, price, place, promotion)

ROMI – Return on Marketing Investment

SWOT – Strengths, Weaknesses, Opportunities, Threats

VOD – Video on Demand

VW – Volkswagen

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## **Introduction**

This bachelor thesis intends to describe the importance and impact of the marketing campaign on the sales performance of the company. As it follows from the topic of the thesis, this paper is primarily about the marketing communications in the automotive industry, its particularities and tendencies. Moreover, this work is based on the real case, and reflects the author's experience got during the internship in the international marketing department of ŠKODA AUTO. The motivation for this particular work is not only the finding of the interrelation between marketing activities and the sales results on the example of Octavia follow-up campaign. This work also aims to highlight the rising importance of the marketing communications and its new forms.

The theoretical part will help to understand how marketing campaigns can affect the sales. The thesis will cover basic forms, types and components of the marketing communications. The work will emphasize on some practices, which are widely used in the automotive world. Among them, there are the integrated marketing communications, which now count majority of the communications between the car brand and the customer. There will be widely explained how marketing communications work in the automotive industry and what are the differences between brand and product marketing campaigns. The goals and the approaches of the follow-up campaign will be clarified from the product lifecycle perspective. The reasons of significant growth and importance of online marketing communications will be touched as well. After all, the paper will describe the structure and the planning of the marketing campaign on ŠKODA AUTO example.

The paper will also give the insight about Octavia as the product. It will provide with the overall picture of how Octavia developed through the years of ŠKODA cooperation with VW Group. In addition to this, there will be analysis of Octavia on EU5 markets from the sales and marketing perspective. EU5 markets will explained and described from the sales and marketing perspectives to see the market strengths, weaknesses, opportunities and threats.

After that, the way the follow-up campaign was used and localized, and what strategy was taken by the markets will be analyzed. Analysis of the sales volumes

before and after the marketing campaign will help to understand the efficiency of the campaign on the defined markets. The reader of the thesis will see the different approaches as the result of very different market situation. The hypothesis of the thesis is that the Octavia follow-up marketing campaign will significantly influence the sales. After the analysis of the marketing strategy and sales results, there will be conclusion in the form of suggestion made, based on the findings from strategies used, sales volumes and market situation.



# **1 Marketing communications**

The marketing communications is the process of using different channels and forms to reach a customer with the marketing message. The message usually contains information about a brand and about its products. The core of marketing communications is the marketing mix.

The marketing mix, also known as 4P's (product, price, place, promotion), is the theory which speaks about the essentials to be considered while launching new product, for instance. Every P represents the set of questions to be well thought-out before any sales related business activity. All starts from product. To be successful, the first P from marketing mix requires the questions about the product features and its uniqueness to be answered. The next P is the price, which gives the questions about the value of product in the certain market situation. Place is yet another set of questions which define the market where the product will be represented. The promotion is the last P, yet important, as it should give an idea which channels and forms of marketing communications are the most efficient to use.

The marketing communications are in very close connection with the forms of communications. Evidently, the appropriate marketing communication form is chosen based on the marketing communications plan. Every form of marketing communications requires its own approach in planning and in reaching the target audience.

## **1.1 Forms of marketing communications**

There are many forms of marketing communications, and every form has its own advantages and peculiarities. These advantages serve to reach the target audience. Different target audiences prefer different forms of communications. However, before going to the details and describing the forms, it is important to point out that marketing communications forms differ by the way how companies deliver the marketing communications message. There are two ways: direct and indirect.

Direct way of marketing communications addresses the message directly to the customer. Usually, the direct marketing communications include clear and defined message, as the main goal of the direct marketing is to sell the product. In many

cases, the only mediator while direct communication is company representative – the sales force.

Indirect marketing communication addresses the message through the various channels, where the message fits the context organically. In contrast to sometimes disrupting direct communication, indirect type allows to reach the customer more naturally. In most of the cases, the indirect marketing goal is to build awareness and the brand image, thus increasing the sales volumes.

### 1.1.1 Direct marketing communications

- Direct mail

Direct mail – is the form of marketing communications where the information about a product or service is sent to the defined customer group with purpose of promotion. Usually this type of communications consists of the printed promotional materials. Direct mail is becoming less common. However, many companies still use this method to send the sales promotion, catalogues or some CRM elements.



**Figure 2 BMW dealer test drive invitation**

Source: Portfolio of creative agency Créatis Agence (2014)<sup>1</sup>



**Figure 1 BMW M5 presentation invitation**

Source: BMW Singapore (2012)<sup>2</sup>

<sup>1</sup> Retrieved from: <https://www.agence-creatis.com/communication/>

<sup>2</sup> Retrieved from: <http://www.bmw-sg.com/bmw-news/invitation-to-the-exclusive-launch-of-the-all-new-bmw-m5-in-singapore/2012/01/05/>

The most frequent users of this form are retail store chains. They use print sales literature to inform the customers about some special offers or discounts. In the automotive industry, the users of the direct mailing can be dealers inviting the potential customer for the test drive or for the new model presentation, examples are Figure 1 and 2 above.

- Personal selling

Personal selling – is the part of the direct marketing communication which is aimed to establish the personal contact between the client and the company through the sales force with the purpose of sale transaction. Personal selling is widely used by both forms of businesses: B2B and B2C, but in different periods of a sale process. The personal selling shouldn't be underestimated, as during this process the personal contact is established. This is highly important step, especially for the company side, as the sales force represents the whole company for the client.

The robot producer is the example of the automotive B2B world. Every car manufacturer requires sophisticated industrial robots to improve the quality and the speed of car manufacturing. The sales person from robot producer (in case of ŠKODA, it is KUKA AG) establishes the contact, tries to understand the customer needs, presents new product and negotiates the price. All these are the actions involved in the personal selling. The focus in B2B personal selling is made on understanding the customer needs and on price negotiation. As for automotive B2C example, the sales manager of the local dealer who runs the sale with the private person. Here, the product presentation and overall communication play crucial role.

- Catalogue selling.

Catalogue selling – is another form of the direct marketing which uses sales literature as the main tool to attract a customer. This form of the marketing communication relies only on the product features which are represented through the marketing visuals. A client is provided purely with information in the catalogue, and is free to go through the whole company's product portfolio.

One of the most famous users of the catalogue selling is IKEA, which emphasizes and invests a lot to this form of communication. As per Jens Hansegard: "Worldwide,

approximately 208 million copies of the catalogue were printed in fiscal year 2013, more than double the number of Bibles expected to be printed in the same period.” The car producers also pay attention to the sales literature topic, and catalogue remains to be the tool of dealer sales manager while the product presentation.

- Telemarketing.

Telemarketing – is the form of the marketing communications where the communication between the company and the customer is conducted through the telephone. Company uses telephone to reach potential client and to offer new product or service. Telemarketing was highly criticized due to disruptive and high-pressure sales techniques. As a result, telemarketing is regulated on the governmental level in many countries.

However, telemarketing is still on the actual list of the direct marketing forms. It uses databases to collect the data and to reach the target audience. That is why most of the banks, having the database provided by the customers, reach customers via the phone offering new services.

### **1.1.2 Indirect marketing communications**

- Advertising.

Advertising became the classical way to reach the customer. The advertising uses TV, radio, magazines and OOH advertising that make the targeting is almost impossible. The main feature of the classical advertising – is to deliver a marketing message to everyone. It is more suitable tool to build awareness and brand image rather than to attract and perceive customer to purchase the product.

Even considering low ability of targeting, the advertising is widely used by the auto manufacturers. Figure 3 below shows the example of Volvo OOH advertising. In many cases, a car is the image thing, which tells a lot about its driver. That is why



**Figure 3 Volvo S90 billboard**

Source: Portfolio of creative agency WANNA design (2017)<sup>3</sup>

sometimes the image around the car is the same important as its technical specifications. The tone and feel of advertising visuals, TV commercial and radio spots significantly help to influence the image as one of the sales point.

- Sales promotion.

Sales promotion – is the set of tools which are targeted to attract the customer not mainly by the product features, but with the price discounts or other added value related actions. Price discounts, loyalty programs, in-store demonstrations and sales can be considered as sales promotion. Giuliana Isabella describes sales promotion in “Influence of Discount Price Announcements on Consumer’s Behavior” as very powerful tool leading to the sales increase in the short-term perspective.

Sales promotion is not directly connected with the car producer, but more with its dealer network. Almost every dealer has the liability to sell the certain number of cars in the set period. When dealer fails to meet these obligations, it comes up with the seasonal discounts to sell the required amount. Sometimes, such sort of discounts relates to upcoming new model. As the dealers would like to empty their warehouses and to sell the product which will be outdated soon.

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<sup>3</sup> Retrieved from: <http://www.wanna-design.com/project?title=VOLVO%20Billboard>

- Public Relations.

Companies dedicate a lot of time to this form of marketing communication as it can heavily influence the customer decision about the product purchase. According to the Public Relations Society of America (PRSA): “Public relations is a strategic communication process that builds mutually beneficial relationships between organizations and their publics.” Robert Wynne, the author of the article “Five Things Everyone Should Know about Public Relations” describes what is behind the PR-agent work: “PR people are storytellers. They create narratives to advance their agenda. PR can be used to protect, enhance or build reputations through the media, social media, or self-produced communications. A good PR practitioner will analyze the organization, find the positive messages and translate those messages into positive stories. When the news is bad, they can formulate the best response and mitigate the damage.”

The PR character and its techniques do depend on industry where it takes place. In the automotive industry, especially when launching new model, auto journalists play a big role in the forming of first impression from the product. When the company launches a new car, it puts big emphasis on the organization of press events and news “noise” around the car. In many cases, before big premiere of a new model,



**Figure 5 ŠKODA Kodiaq teaser picture**

Source: ŠKODA AUTO Facebook page (2016)<sup>4</sup>



**Figure 4 ŠKODA Kodiaq teaser picture**

Source: ŠKODA AUTO Facebook page (2016)<sup>5</sup>

automotive producers heat up the interest of publicity through the various channels

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<sup>4</sup> Retrieved from: [https://www.facebook.com/pg/skoda/photos/?tab=album&album\\_id=1069102403182220](https://www.facebook.com/pg/skoda/photos/?tab=album&album_id=1069102403182220)

<sup>5</sup> Retrieved from: [https://www.facebook.com/pg/skoda/photos/?tab=album&album\\_id=1069102403182220](https://www.facebook.com/pg/skoda/photos/?tab=album&album_id=1069102403182220)

by so-called teaser pictures of the car, which show the car design elements. Figures 4 and 5 show the teaser pictures of ŠKODA

- Sponsoring.

Sponsoring – is the marketing communication from where a company supports sport, social or other event to place its marketing message during this event with the purpose to benefit from. Susan Friedman, the author of the article “Sponsorship: A Key to Powerful Marketing”, says that talented sponsorship can improve sales, enhance image and create positive publicity. Moreover, if the company sponsors big event, the sponsorship can dramatically increase the level of awareness, as every big event complements with the TV stream. Sponsoring is widely used by the car manufacturers for the brand awareness and overall image building. For instance,



**Figure 7 ŠKODA Superb as a pace car on Tour de France**

Source: ŠKODA AUTO UK (2015)<sup>6</sup>



**Figure 6 ŠKODA product placement on Hockey World Championship**

Source: ŠKODA Storyboard (2016)<sup>7</sup>

ŠKODA supports such big events as Tour de France and Ice Hockey World Championship. Figure 6 and 7 shows how ŠKODA utilizes the marketing communications opportunities while sponsoring. ŠKODA sponsors these events as they have a lot of in common with the brand origin and its values. For example, ŠKODA was established as the bicycle manufacturer consequently, there is connection to the cycling sponsorship. Hockey is one of the sports why Czech Republic is famous for, ŠKODA is Czech manufacturer, and it supports what is

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<sup>6</sup> Retrieved from: <http://www.skoda.co.uk/about-us/skoda-and-cycling/events/tour-de-france>

<sup>7</sup> Retrieved from: <https://www.skoda-storyboard.com/en/press-releases/record-skoda-24th-time-official-main-sponsor-2016-iihf-ice-hockey-world-championship/>

valuable for its country of origin. Considering all the stated above, sponsorship is the powerful tool to promote the brand and its values.

- Online

Online – is the very general term for the form of communication, which can address marketing message through various digital platforms. Nowadays the most common platforms are: websites, social media and mobile applications. The world is getting connected with the World Wide Web – it is the fact. According to the internetlivestats.com, in the year 2016 around 40% (which is around 3.5 billion people) of the whole world population is now connected to the internet, and every year this number grows by 3%. There are around 1.2 billion websites online, over 3.5 billion searches are being processed by Google daily. Social media is another topic. But it is very important part for the online marketing channel, indeed. There are 1.8 billion of active Facebook users and it increases dramatically from year to year. All the above figures show the trend and many companies respond to it, using the internet with the marketing purposes: building awareness, strengthen the brand image and promoting the new products. The online world is highly dynamic and responsive on the certain actions. The digital space allowed companies to get closer to their customer as never before.

- Word of mouth.

Word of mouth – in comparison to the online, which is relatively young form of communication. The word of mouth is old as the hills, and it works relatively simply. People tend to share their opinions about the certain experiences, people talk a lot. If the person liked the product, he/she would share this information with friends. In their turn, friends after a try of the suggested product will tell their friends and etc. The word of mouth is very powerful, but in the same time very tricky tool. If the product is liked, the willingness to share about the experience fluctuates from person to person, while the bad experience connected with the product tend to be shared more often.

The process of sharing the experience became vastly faster after the global connectivity. Social media sector is created to share the information without less barriers, which leads to quicker feedback. However, as per “Word of Mouth



Marketing” by Andy Sernovitz, only 20% of the global word of mouth process takes place in the internet. The online word of mouth channel is highly beneficial for all the parties, the customers leave and receive the suggestions, while companies receive honest and valuable feedback about the product.

## **1.2 Integrated marketing communications**

All the stated above confirms the fact that marketing communications are the powerful tools, which can use various forms how to reach the customer. Moreover, some of the communication forms tend to be more and more popular; one of those is online form of marketing communications. However, as per the research findings published in the article “Why Integrated Marketing Communications Is More Important than Ever” by Steve Olenski, follows: “Millennials (18-34) – those digitally-obsessed individuals – say that they most often get their savings from newspapers, with 51% indicating this to be the case. Newspapers edged out emails and coupon alerts (50%), internet searches (38%), the mail (33%), and in-store offers (25%) as a promotions source for this demographic, with some also turning to links from savings sites and blogs (23%), retail circulars (21%) and coupon books (20%).” The statistics says that the people aged between 18 and 34, also known for its huge buying power, in 50% of cases are getting their discounts from newspapers. The other sources of the discounts separate the rest of the share almost evenly.

What does the all above mean for the companies? It means that even with the rising popularity of some channels, the rest must not be ignored. That is why, there is so called IMC – Integrated Marketing Communications. As per Business Dictionary the IMC is well defined as: “An approach to achieving the objectives of a marketing campaign, through a well-coordinated use of different promotional methods that are intended to reinforce each other.”

Based on this definition, the idea of IMC is very simple – to maximize the exposure of the marketing campaign by using different forms to deliver the homogenous marketing message. That is why a lot of companies are creating the marketing campaigns as the integrated ones from the very beginning to reach the customer with the very same marketing message about the product. The efficiency of such an

approach is visible from the statistics above, the more relevant forms and channels for communication is used, the more buying respond company may get.

## **2 Marketing communications in automotive industry**

Marketing communications perceive relatively the same goal in every industry – to reach a customer with marketing message in the right context thus increasing awareness and sales. As it has been covered in the previous chapter, there are many forms of marketing communications, which are commonly used as the complex. This integrated complex of communications is spread through the different channels as the homogenous marketing message.

Automotive industry itself is the territory of big companies with big budgets. Big amount of marketing investments allows companies to launch integrated marketing campaigns. In automotive industry, it is known as 360-degree marketing campaign, which takes the customer to the journey through the different marketing channels, where homogeneous marketing message is located.

Marketing communications in automotive pursue certain goals. Every set goal can be achieved through the different types of marketing campaigns. In many cases, marketing campaigns are linked to the product lifecycle. Automakers use marketing communications to support some of product phases. In general, marketing communications are performed through a brand related and a product related marketing campaigns.

### **2.1 Brand marketing communications**

Brand related campaigns are the ones, which speak about the brand position, its values and achievements. Brand marketing communications not only tell about the brand, but also try to pursue and perceive people, mostly in the indirect manner. The biggest challenge of brand marketing communications is the brand image, which is useful to differentiate a company from others.

Undoubtedly, products characterize the brand in a very big extend. The further chapters will state that emotional component plays important role while purchasing process. Consequently, companies do emphasize and touch the emotions as the very important topic in the brand marketing communications.

However, not only products distinguish the brand from the others. Brand communications are not necessarily connected with the product. There might be

emphasizes made on the environmental responsibility of the company, for instance. Everything what can help the brand image to benefit from can be used while brand marketing communications.

### **2.1.1 Brand campaign**

Patrick Moorhead very well defines the idea of the brand campaign: “A corporate brand should speak volumes about a company’s mission and differentiation and should be the first thing that comes to a customer’s mind when they think about a company. It’s not just the imagery (though that is certainly important), but rather the feelings and associations that it elicits.”

The brand campaign itself always tries to touch the feelings of a potential customer and tell the story behind the brand thus increasing the humanity of a company. If the story told by the company is close to the potential client values, this might grow to the strong connection between the brand and customer first choice. The set of the feelings and values, which immediately arises in the mind when talking about the brand, is called the brand image. Brand image is highly important, because it is hard to build the right and positive image, and very easy to harm it.

The purpose of every brand campaign in the end of the day is to indirectly sell more products influencing the customer feelings and finding the ways to get to a naturally first chosen brand in the industry. In other words, the idea of the brand campaign is to get associated with certain sets of feelings and get purely connected with the industry where company operates.

Another reason for creating the feelings around the brand is to differentiate from the competitors. As per Christopher Quente: “A brand campaign has the purpose of developing a brand with the aid of communication. It is the part of brand management that is visible to the consumer (“branding”). The main goal of a brand campaign is to differentiate the own product of those proffered by the competition or to differentiate the own company from its competitors. Behind all this is the insight that a brand has a higher value of recognition and that the consumer connects certain attributes, features and achievements with it. Thereby the brand is supposed to aid the consumer’s orientation amongst the offerings and radiate trust”.

It is already proven fact that the connection between the brand and the consumer feelings increases the loyalty and eventually the sales. According to the Harvard Business Review, connecting the feelings and the brand is a huge opportunity for companies to create new value through the emotional component. Moreover, Scott Magids, Alan Zorfas, Daniel Leemon as the authors of the article “The New Science of Customer Emotions” in the Harvard Business Review claim that it is very important to use the emotions. And it should not be necessarily a high value product, even everyday use products can play on the feelings of the consumer.

For the automotive industry, the emotions play a significant role in a purchase process. Nowadays, the car purchase still is not an everyday occasion, which, of course, means that a prospective car owner puts more of the feelings into it, than when buying a milk in the supermarket. Based on that, person would like to support the choice of the exact car not only with the rational facts and figures, but he/she wants to get connected with the product on the psychological level.

In today’s world, every car brand bears some values with it. For instance, ŠKODA is associated with the practicality, family, spaciousness and value for many products. In fact, buying a car always means more than we can sometimes notice, it is the whole lifestyle connected with the car.

It is not applicable for everyone and all the feelings are not very well seen, and sometimes even are not recognized by the customer, but fitting of the brand values happens naturally anyway. To conclude, brand campaign is the powerful tool created to differentiate from competitors and to communicate the brand values to connect to the feelings of a target customer group.

### **2.1.2 Concept cars**

Yet another thing about the brand campaigns, they are not always purely all about the marketing message. There is another way for sharing the values of the brand with the audience, not for today, but for the future. In this case, it is not even sharing, but the presenting of the vision to the publicity, and it is concept car presentation.

Concept car is the vision of the company on its future products. Figures 8 and 9 demonstrate the concept car of Citroen from year 2016. Concept car itself symbolizes the path which will be taken by the company in upcoming 10-15 years.

Recently, concept cars started to be associated not only with the future technologies, but also with the design language, which will be implemented on the models in the close future.

However, stating that the concept car is only about the technologies and design will not be true. Concept cars are used not only for the demonstration of the brand's future potential, but also as the chance to receive the feedback from potential customers. This is very important point, because if the feedback will not be received, the company might take the wrong direction, which happened with many big companies.

Another key point about the concept cars – they create attention around the brand and thus improving awareness about the company. The more outstanding and futuristic concept car is – the more news cover the media space. But the concept car is not the self-promoted product. Today's trend is also to create marketing communications full of assets which tell the story and thoughts behind the concept car. The purpose is to make sure that the message sent by the concept car is considered in the right way by the target audience.



**Figure 8 Citroen CXperience exterior**

Source: Car Magazine website (2016)<sup>8</sup>



**Figure 9 Citroen CXperience exterior**

Source: Car Magazine website(2016)<sup>9</sup>

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<sup>8</sup> Retrieved from: <http://www.carmagazine.co.uk/car-news/motor-shows-events/paris/2016/citroen-cxperience-concept-unveiled-at-paris-motor-show-2016/>

<sup>9</sup> Retrieved from: <http://www.carmagazine.co.uk/car-news/motor-shows-events/paris/2016/citroen-cxperience-concept-unveiled-at-paris-motor-show-2016/>

### **2.1.3 Events and PR**

Not mentioning events and especially automotive shows, when talking about the attention and news creation around the brand, would not be correct. Motor shows became the part of brand marketing communications for the car brands in 1898. The first motor show took place in Paris and it still takes place there every second year. Visitors' amount counted 1.2 million in 2014.

Unintentionally, one of the biggest platforms for the automotive marketing communications represented by motor shows was created. Nowadays, car brands use the motor shows to declare about new models and to get the public attention. Automakers emphasize a lot on such sort of events as it is the moment of rare direct communications between the company and the customer.

According to the previous paragraph, motor shows are widely used for the big premieres of the new models. Therefore, car brands use motor shows to support the introduction phase of the product lifecycle. Publicity represented by the journalists and private persons reflect the premieres in the media. Media takes the news further to the customers, thus building awareness.

It is hard to underestimate the importance of Public Relations in automotive world. According to J.D. Power research results published in the article of Christian Wardlaw "10 Top Reasons Why People Buy Specific Cars": "J.D. Power reports that 40 percent of new vehicle buyers consider a vehicle's reputation and reviews as a primary consideration when deciding which make and model to purchase. Reading or watching reviews of vehicles is an important part of the research process."

Automakers and its importers widely cooperates with the local magazines and car journals. This cooperation is beneficial for both parties. Automakers reach the customer and receive some sort of benchmark while comparison test. In addition to this, car brands try to support through the media introduction and maturity phases of the product. In return, journals create independent and attractive content for the readers.

However, chapter 2.1 points out that the brand communications are not always around the product and about the product. Companies uses events and PR not only with the purposes to present the product and finally sell it, but sometimes there are

organized events not connected to the industry at all. It is made to show the values, which are important to the brand, thus, to be closer to the customers and to create the positive image. For example, ŠKODA has the environmental program, which aims to plant a tree for every car sold in Czech Republic. Showing its environmental responsibility, ŠKODA influence its brand image in a positive manner.

#### **2.1.4 Sponsorship and Motorsport**

Sponsorship is widely used for the marketing purposes. It is non-direct marketing which organically reaches the potential customer through the various events. As it was stated above, the main core in nowadays marketing communication is the emotions and values provided by a brand. And there is no better place to reach the potential customer, which under emotions, is watching hockey game, for instance. A brand which supports various events is trying to build image, get connected and associated with some sport, social and other events. In support to the written above, the reason of the sponsorship is described by Carolyn Simmons, Katharine Becker-Olsen in the article "Achieving Marketing Objectives Through Social Sponsorships" as: "Firms want to be perceived as socially responsible, often to create a positive image and a differentiating effect over their competitors. In other words, they are looking to build brand equity and define a unique positioning."

The tendency also shows that budget spent on the sponsorship is rising from year to year significantly. In the book "Sponsorship in Marketing: Effective Communication Through Sports, Arts" by T. Bettina Cornwell is given the statistics that from year 1996 the amount of the budget spent increased nearly 4 times, from 13 billion US dollars in 1996 to 55 billion in 2015 globally. These numbers prove the rising interest of the companies to use sponsorship as the efficient way to indirectly reach the customers.

Motorsport department of the company is not only the source of income from sales of the sport cars to the private teams, but also it is the automotive marketing tool. Almost every car brand which has the auto sport heritage, nowadays tries to take the maximum out of it. There is huge amount of disciplines in automotive sport, starting from the rally and ending with the royal Formula 1 series. Every car manufacturer tries to present them as positive as possible in the same time creating



the event which is streamed all over the world thus reaching an incredible amount of people. WRC races can be taken as an example. As per statistics provided by the research company Repucom, in the year 2014 total audience across the 10 rallies rose by 35 per cent to 581.81 million viewers, while broadcast time increased by 70 per cent to 7275 hours. Is the motorsport the perfect place to promote and to differentiate the brand?

#### **2.1.5 Seasonal campaign**

As it has been mentioned above, nowadays companies are tend to get connected with people's emotions while marketing campaigns, thus more efficiently promoting its products. According to Lyndi Catania and her article "Seasonal Marketing Strategies: Utilizing What Every Season Has to Offer": "Spring, summer, winter and fall are more than just seasons, they are opportunities for businesses to thrive. With each season comes unique holidays, events and activities, which cause consumers to behave differently. Professionals must pay close attention to this behavior in order to realize what strategies are worth focusing in on; for example, promoting seasonal products that are used during that time of year or promoting a holiday sale because consumers have the day off."

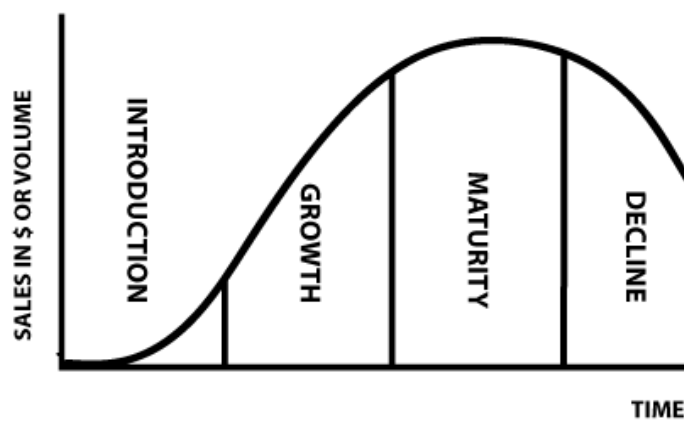
Of course, automotive industry is a bit different, and the car purchase process does differ from the supermarket purchase. However, it is worth to mention that automotive market has its own specific seasonality. According to the statistics from Bureau of Economic Analysis published on the Federal Reserve website, the customer buy most of the cars during spring and summer months, which are second and third quarters accordingly.

As a result, seasonal campaigns can be perfect incentive tool, which creates awareness about the products. On top of this, seasonal campaigns serve for humanization of the brand and for connecting with feelings of the customers. In long-term perspective, customers, reached by the seasonal campaign, might turn out as the product consumers.

## 2.2 Product Marketing Communications

In contrast to the brand marketing communications, product related campaign obviously talks purely about the product, and it is very interrelated with the product lifecycle. Usual lifecycle lasts 7 years in automotive world, but it tends to move, and it is expected to be even shorter in the next decade. The rising level of competition on the market causes the shortening of the car lifecycle.

According to The Product Manager's Handbook, there are four general stages of the product lifecycle.



**Figure 10 Product lifecycle**

Source: Datalicious website (2009)<sup>10</sup>

The graph shows the relation between time and sales reflected through the product lifecycle. According to the curve, the more product is in the market, the less sales it generates.

To ensure the “healthy” and stable phases of the product, car brands support every stage with the marketing communications in the face of marketing campaigns. Most of the stages are supported with the specially dedicated marketing campaigns to avoid specific threats of each stage.

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<sup>10</sup> Retrieved from: <https://www.datalicious.com/blog/2009/12/3/determine-product-lifecycle-using-searches>

### **2.2.1 Launch campaign**

Automotive industry uses launch campaigns to run the introduction phase, which will then continue to the growth. Automotive marketers put a big emphasis on the new model introduction as the first steps can influence the further market success. That is why most of the launch marketing campaigns are the biggest in the whole product lifecycle.

Launching the new product on the market requires creativity, new approaches and improvement of the marketing communications quality, which will help to differentiate and to highlight the latest model. Launch campaign is the type of the marketing campaign where the size still does matter. It matters, because the goal of the launch campaign is not only to reach every single potential customer, but to prepare the market infrastructure (dealer network, sales literature, digital space, salesforce) for the upcoming product as well.

Every launch campaign is a massive 360-degree campaign, which involves every relevant form of marketing communications that can help the product to benefit from. Everything begins from Public Relations, news spread and creating so-called buzz in real and online world. This is usually done from the headquarter level. This stage is complemented with unofficial sketches and spy pictures of the upcoming model. In the meantime, the huge work takes place internally which is about the creation of the marketing communications concept of the car together with the other marketing assets (TVC, print materials, social media and online activity plan, CRM and world premiere). Marketing communications concept is all about the marketing communications message and its tone and character, which will be customer addressed with.

After the Public Relations and buzz creation, the world premiere comes where car brand reveals the car completely. The reveal itself creates a lot of news and builds the awareness about the product. After the premiere, there are press events organized for the journalists who tells about the product in more details. During the press events the car is being distributed to the markets where the final customers are reached with marketing assets prepared in advance on the headquarter level.

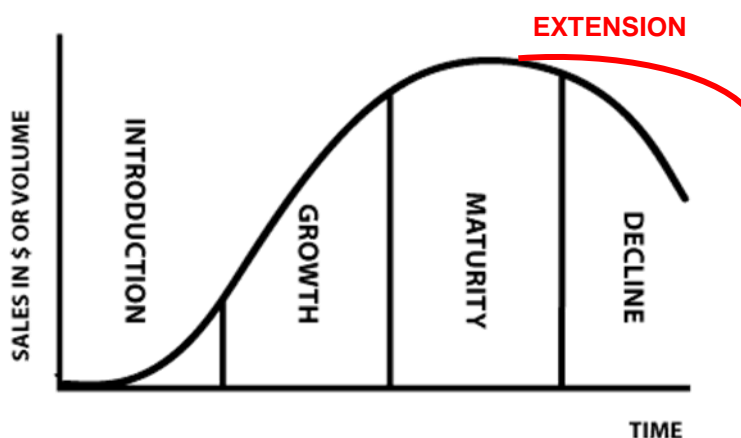
### **2.2.2 Follow-up campaign**

It was already mentioned that marketing campaigns support the product lifecycle. Follow-up campaign is the perfect example how marketing campaign can help and extend the product lifecycle. After introduction and growth stage supported by the launch campaign, the product reaches its maturity and then the demand and sales start to decrease.

To prolong the maturity stage or even establish the new growth, the car producers use couple of techniques. The first is the follow-up campaign to remind the customers and to refresh the car through the marketing communications. The second is the product update, which is called facelift in the automotive world. The third approach is the launch of so-called special edition of the car.

The follow-up campaign is more about the updating of the existing assets with the revised tone of the marketing communications. The facelift is characterized by the updated design and technical specifications (headlights and taillights, wheels, interior and infotainment system of a car, engines' output and suspension setup). In the automotive practice, the facelift car is introduced shortly after the follow-up campaign in the middle of the product lifecycle. Special edition of the car is the same model in fact, but with additional options and design touches, such as spoilers, different upholstery, badges, wheels and colors.

Sometimes special editions are linked with the seasonal campaigns in order to fit the conditions and circumstances of the particular season. For instance, for the winter seasons some of the manufacturers come up with the 4x4 special edition, which is supported by the winter seasonal campaign. The right launch time of the seasonal product with the combination of marketing communications can boost the sales.



**Figure 11 Product lifecycle extension**

Source: Datalicious website (2009)<sup>11</sup>

The reason for upper-listed measures is the time. The development of the new generation of a car still takes considerable amount of resources and time in particular. As the duration of the lifecycle decreases and development time remains, companies are looking for the options how to support and prolong the product lifecycle. The result of the follow-up campaign and product update can be expressed through the Figure 11. These measures literally extend the lifecycle thus giving the time and money from the sales to develop the new product.

### 2.3 Online/Digital campaign

Online marketing campaign is such a type of marketing communications that take place exclusively online, using only digital means of communications. The reason of putting the online campaign aside from the brand and product marketing

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<sup>11</sup> Retrieved from: <https://www.datalicious.com/blog/2009/12/3/determine-product-lifecycle-using-searches>

communications is that auto brands use the digital world for both purposes. Moreover, the online marketing and online advertising grows into the separate industry. There are many primarily digital campaigns, which target and exist online only. However, nowadays the online world is used as the important part of the integrated marketing campaigns or 360 degree campaigns.

As per statistics from the chapter 1.1.2, it is undoubtedly seen that online world is intensely developing. World tendency is to speed-up the communication. Many companies have joined the online society, and they speak volumes to the customers. The reason for this is not only the overall tendency, but the efficiency and costs.

The advertising industry has moved toward the online world, as it is easier to track the influence of the marketing message. The second reason: it is simply cheaper and faster in most cases to create the online content rather than classical advertising. However, there are challenges as well.

Online world is high-paced infrastructure where user reacts on particular news very fast. It is not sufficient to place the banner with the discount offer anymore, hoping that it will generate some action. It is more likely that it will create negative outcome. With the vast development of communication, people learned to filter the messages which are not relevant and which are not fitting the context of the certain online action. In support to this, Matt Jessell, the author of the article "Why Marketers Are Now in The Entertainment Business", claims that: "Audiences now control what they consume more than ever."

The matter of the online world is no more the amount of the content, but its quality. In the digital world, the entertaining and context factors are one of the crucial aspects how company can lead the audience to the product. The article "What Marketers Need to Learn from the Entertainment Industry" of Dan Gregory and Kieran Flanagan says if company wants the audience to share the marketing message coded into post, video, application or simple article, it should be interesting, provocative or funny. Simply, it should be worth the time spent on watching or reading the marketing asset; otherwise, every digital campaign is doomed to failure.

## **2.4 Marketing campaign planning and production**

“Most successful marketing campaigns don't just happen by accident. They require time, attention, and most importantly – planning” – John Rampton shares this thesis in his article “5 Key Components to A Successful Content Marketing Campaign”. To make all the types of marketing campaigns work and reach the right audience with the right message, the thoughtful planning is required. Not a single successful campaign is done without the planning.

Why is planning so crucial for automakers? Stephanie McGavin in her article “Volkswagen Group leads automotive spending on advertising” states: “The automotive category spent more than any other category on the list. The auto industry’s combined spending of \$47 billion in 2015 accounted for about 20 percent of the top 100 companies’ total ad spending of \$240.5 billion.” The importance of the planning is hidden in the numbers. Automotive industry in the face of VW, being the biggest advertising investor on the market, wants to be sure that the money spent will work out.

VW Group ranks as fourth worldwide by the amount of advertising spending. Certainly, such huge money expenditure requires detailed planning and production with the purpose of the highest return on investments. On the example of ŠKODA which is the part of VW Group, with the 12% share out of 10.3 million of sold cars in total, will be shown the marketing campaign phases.

### **2.4.1 Marketing campaign phases in automotive**

The marketing campaign counts 3 phases. Every phase is equally important, but different in terms of the working load.

- Pre-production phase

Every marketing action is based on the customer needs and perceptions, and marketing campaign is not exclusion out of this rule. The defining of the target audience is the key to the successful marketing campaign. In the automotive industry, the target audience is defined much earlier before the marketing campaign launch.

The target audience is the source of inspiration for the product conception. Marketing campaign only uses the target audience which has been defined already when the product was designed. However, during the pre-production phase of the marketing campaign, the customer profiles are described. According to the Business Dictionary, “Customer profile – a description of a customer or set of customers that includes demographic, geographic, and psychographic characteristics, as well as buying patterns, creditworthiness, and purchase history”. Usually, there are drawn two or more customer profiles which should be as much detailed as possible. Drawing such a portrait enables marketers and creative agencies to understand how and by what channels the customer can be reached through. The customer profile is the result of the marketing research. After the marketing research and analysis of a customer portrait, the strategy of the campaign comes into a place.

Marketing strategy is defined by Business dictionary as follows: “Marketing strategy is an organization's strategy that combines all of its marketing goals into one comprehensive plan.” The strategy represents the concept, which includes creative idea, set of channels to be used to attract the customer and marketing assets to be produced. The creative concept is unlimited in terms of ideas, but it is always linked to the allocated budget in the business world. The strategy requires not only the thoughtful analysis, but also the understanding of the market tendency. The approval of the marketing strategy is a big and important milestone, which causes long-term results.

Automakers never consider marketing campaigns as spending, but as investment. Hereby, companies expect the ROMI (Return on Marketing Investment). To expect something, there should be expectation on this matter. In case of a marketing campaign, those expectations are KPI's (Key Performance Indicators). The KPI can be different depending on the operational level. In the automotive industry, from the headquarter perspective they can be the amount of a website visitors generated by the marketing assets or the amount of markets localized the assets. From the importer perspective KPI's can be the amount of showroom visits, test-drives or the sales figures of the promoted model. Setting the right KPI's is crucial for the pre-production phase as the tool for efficiency measure.



The pre-production phase lasts from five to ten weeks depending on the marketing campaign size. Shortly before the production phase, the supplier pitch (tender) takes place for the marketing assets production. It is the common practice for the big companies, as the asset production requires considerable spending. The tender is usually considered as the anti-corruption measure in the corporative world. The whole tender process requires 3 participants at least; the selection process is done by the purchasing department.

- Production phase

Production phase does not last long as the pre-production phase does. It takes up to 3 weeks and involves a lot of organizational work. However, it is still important part of the whole process, which requires the talented project manager work from the company side. The project manager represents the company's interests as the client in relationship with a supplier. The production phase is properly controlled to achieve the consistency between marketing asset and creative concept. Production phase is the most expensive phase among the others.

- Post-production phase.

Post-production processes finalize the draft assets provided from the production phase, and it involves a huge amount of editing work from the supplier side. The headquarter spreads the marketing campaign to the markets after the editing and approval of the assets. The headquarter responsibility is to secure the 8 weeks' time before the start of the new model production. The reserve of 8 weeks is for the localization purposes.

The assets are distributed to the markets through the online platform. The assets provided are in the semi-finished form, which allows markets to easily localize and adjust it to their needs. In case of ŠKODA, there is a dedicated team, which assists and educates the markets about the new campaign.

The importer is not obliged to implement the assets as they are provided in the form of support. The form of communication between headquarter and importer is consultative. Moreover, ŠKODA does not limit the marketing communications freedom of its importers.

### **3 Follow-up campaign analysis**

As per chapter 2.2.2, follow-up marketing campaign perfectly works as the product lifecycle extension. This chapter will focus on the follow-up campaign for Octavia in year 2015. At that time, Octavia was experiencing the maturity stage, which was about to turn to the decline.

The marketing department of ŠKODA AUTO initiated the follow-up marketing campaign as the sales support to prolong the lifecycle of Octavia model. The follow-up campaign was planned as the worldwide marketing campaign to be distributed to all the markets where the company operates. As EU5 markets are subjects of the thesis, the analysis will be done for these markets from the different perspectives to have the complex picture.

But before going into the deep details of the campaign and market strategies, it is essential to know the product itself. That is why the following chapter will provide the detailed description of Octavia as product. In addition to this, there will be the historical background tacked together with the insight about the Octavia market success.

#### **3.1 ŠKODA Octavia**

ŠKODA Octavia is the compact family car belonging to the C-segment according to the European classification. Octavia model originates from year 1959, but today's look and its concept was revealed in year 1996. Octavia shared most of the technological solutions with its donor Volkswagen Passat of fifth generation as the result of cooperation with VW Group since 1991. Octavia became one of the first product of VW unification. However, even with its unification, Octavia took over 28% of sales volume already in year 1997 with Limousine and Combi models.

Nowadays, Octavia celebrates 20 years of presence on the markets with its third generation of the car. The share of the total sales has risen and counts as almost 39% of all ŠKODA sales worldwide in 2016. This leads to the conclusion that Octavia is the bestseller of the brand for more than decade. What is the success of Octavia?

Octavia of the third generation shares its platform with Volkswagen Golf, and it simply offers more value for money. Octavia is being technically identical to its brother Golf, offers more space in luggage compartment, more passenger



**Figure 12 ŠKODA Octavia Simply clever feature: Wastebasket**

Source: ŠKODA Storyboard (2015)<sup>12</sup>



**Figure 13 ŠKODA Octavia Simply clever feature: Umbrella under the seat**

Source: ŠKODA AUTO website (2014)<sup>13</sup>

roominess, more practicality with its simply clever features, and it is cheaper. Octavia represents most of the ŠKODA brand values and addresses mostly the family men with practical vision. The target customer for ŠKODA Octavia is men in the age of 35, married, he has two kids, has active lifestyle, he is practical: prefers functionality before image, technical or taking over the managerial position with medium income.

Octavia in the range of ŠKODA cars is not only represented by one single model. ŠKODA manufacturers two body styles of Octavia: Combi (station wagon) and Limousine (5-door hatchback). Each of these body styles has its derivatives models. Octavia Combi has L&K (Laurin and Klement), Scout and RS versions. Octavia Limousine has only L&K and RS.

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<sup>12</sup> Retrieved from: [https://www.skoda-storyboard.com/en/press-releases/skoda-geneva-motor-show-spotlight-best-seller-plus-numerous-premieres/attachment/0215\\_004/](https://www.skoda-storyboard.com/en/press-releases/skoda-geneva-motor-show-spotlight-best-seller-plus-numerous-premieres/attachment/0215_004/)

<sup>13</sup> Retrieved from: <http://www.skoda-auto.com/en/models/octavia-rs-230>

- L&K



**Figure 14 ŠKODA Octavia L&K: exterior**

Source: ŠKODA AUTO website (2014)<sup>14</sup>



**Figure 15 ŠKODA Octavia L&K: interior**

Source: ŠKODA AUTO website (2014)<sup>15</sup>

Laurin and Klement version represents the highest trim version of Octavia. It is the most expensive version with all the options available. It is equipped with the most powerful engines, and it is positioned as the most luxurious version of Octavia. The interior is complemented with brown alcantara/leather seats and with the most advanced infotainment system. The exterior is distinguished from the regular Octavia with the L&K badges on the front arches and with the exclusive L&K wheels. As this type of Octavia is positioned to be the most luxurious version, it is supposed to attract the customers from the other more premium brands. The name of this derivative model is derived from the surnames of ŠKODA founders.

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<sup>14</sup> Retrieved from: <http://www.skoda-auto.com/en/models/new-octavia/design/>

<sup>15</sup> Retrieved from: <http://www.skoda-auto.com/en/models/new-octavia/design/>

- Scout



**Figure 17 ŠKODA Octavia Scout: exterior**

Source: ŠKODA AUTO website (2014)<sup>16</sup>



**Figure 16 ŠKODA Octavia Scout: interior**

Source: ŠKODA AUTO website (2014)<sup>17</sup>

Scout version is the type of Octavia, which has off-road inclination. It is equipped with 4x4 transmission, and it has higher clearance. In addition to that, it has different exterior with additionally protected front and rear bumpers. As Scout model represents utility and practicality, it is manufactured in station wagon body style only.

- RS



**Figure 18 ŠKODA Octavia RS: exterior**

Source: ŠKODA AUTO website (2014)<sup>18</sup>



**Figure 19 ŠKODA Octavia RS: interior**

Source: ŠKODA AUTO website (2014)<sup>19</sup>

The RS model is the most differentiated model in the whole Octavia family. It represents sporty and bold character. It has the most powerful engine and sport suspension. In addition, it has exterior features as the sporty rear and front bumpers

<sup>16</sup> Retrieved from: <http://www.skoda-auto.com/en/models/octavia-scout/>

<sup>17</sup> Retrieved from: <http://www.skoda-auto.com/en/models/octavia-scout/>

<sup>18</sup> Retrieved from: <http://www.skoda-auto.com/en/models/new-octavia-rs/>

<sup>19</sup> Retrieved from: <http://www.skoda-auto.com/en/models/new-octavia-rs/>

with exclusive RS alloy wheels. There are sport leather/alcantara seats and black ceiling. According to the findings of the chapter 3.4, Octavia RS is the most successful derivative model in terms of the sales volumes.

### **3.1.1 Competitors**

As it is pointed out above, Octavia is the C-segment car. However, due to its sizes and form factor, it sometimes plays on the field of the bigger and more expensive cars. As Octavia is located on the border of classes, the competition overview will be provided only inside C-segment with the starting price up to 21,000 €<sup>20</sup> to keep objectivity of the thesis.

Interesting enough, but sharing of the platform inside VW Group makes ŠKODA Octavia, Volkswagen Golf and Seat Leon compete among each other. Of course, each of these cars represent their own style, and they are positioned and priced differently. Nevertheless, these cars still do compete inside the segment.

Out of VW Group, there is the competition from Ford Motor Company in the face of Ford Focus. Competition from France is represented by PSA group with its Peugeot 308 and Citroen C4, and by Renault with its Megane. Japanese manufacturers compete with Octavia by Mazda 3, Honda Civic and Toyota Auris. Korean brands, Hyundai and Kia, have their i30 and Cee'd accordingly to participate in C-segment.

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<sup>20</sup>As prices are subjects for fluctuation, German market prices were taken as the reference point as of April 2017.

### 3.2 EU5 markets from the sales and marketing perspective

Europe is the biggest market for ŠKODA. EU5 markets are ones of the most important markets for ŠKODA from sales and marketing perspective. There is a good business relationship between the headquarter and EU5 importers. Usually, European 5 is the first five markets, which localize the marketing campaigns.

CUSTOMER DELIVERIES – LARGEST MARKETS			
	Vehicles		Change (%)
	2016	2015	2016/2015
<b>Total ŠKODA brand</b>	<b>1,126,477</b>	<b>1,055,501</b>	<b>6.7%</b>
China	317,088	281,707	12.6%
Germany	165,196	158,747	4.1%
Czech Republic	88,016	85,005	3.5%
United Kingdom	80,325	74,879	7.3%
Poland	56,180	50,039	12.3%
Russia	55,386	55,012	0.7%
Turkey	28,893	22,233	30.0%
Spain*	23,241	22,068	5.3%
France	23,013	21,500	7.0%
Austria	20,563	20,503	0.3%
Italy	20,530	16,550	24.0%
Israel	20,402	17,753	14.9%
Belgium	18,925	18,001	5.1%
Slovakia	18,860	18,252	3.3%
Switzerland	18,579	19,012	(2.3%)

\* excluding the Canary Islands

**Table 1 The largest markets for ŠKODA**

Source: ŠKODA AUTO Annual Report (2016)<sup>21</sup>

- Germany

The Table 1 shows the largest markets for ŠKODA where Germany is the biggest market between EU5. It counts as 14.5% of total sales volume with its 165 thousand of sold cars in year 2016. Moreover, German market tends to grow, and it shows 4.1% of growth in comparison to the previous year.

Talking about the image of the brand In Germany, it perfectly fits to the values of German thrifty customers. ŠKODA is perceived as Volkswagen for less money, but with the same quality standards. Around 30% of 165 thousand sold units in 2016 is

<sup>21</sup> Retrieved from: <http://www.skoda-auto.com/en/company/investors/annual-reports>

represented by Octavia model. It makes to conclude that not only advertising drives the sales, but also the image itself can make it.

- United Kingdom

UK is the second biggest market among European 5. It shows considerable annual sales growth of 7.3%. The sales counts as 80 thousand of units, which makes United Kingdom to contribute to total ŠKODA sales around 7%. UK importer is a very big business unit, which operates in a close cooperation with the headquarter.

In 90's the image of ŠKODA was completely destroyed in UK by the untenability and by the poor design of cars from that time. There was a strong association with ŠKODA as with the awful car. Notwithstanding, the image was reclaimed in the beginning of 2000's after the merge with VW and after the wave of successful marketing campaigns.

- Spain

Spanish market performs significantly worse in terms of the sales with 23 thousand units sold, it is around 2% of total. The growth rate is 5.3%. On the other hand, marketing communications of Spanish importer is its strong side, as it always more



**Figure 21 Marketing campaign “Guess what brand is it?”**

Source: Merca 2.0 online magazine website (2015)<sup>22</sup>



**Figure 20 Marketing campaign “Guess what brand is it?”**

Source: Merca 2.0 online magazine website (2015)<sup>23</sup>

<sup>22</sup> Retrieved from: <https://www.merca20.com/de-que-marca-es-este-automovil/>

<sup>23</sup> Retrieved from: <https://www.merca20.com/de-que-marca-es-este-automovil/>



engaging and creative. Mostly, Spain uses the assets provided by the headquarter, but sometimes it comes up with its original marketing campaigns independently.

For instance, while launch of ŠKODA Superb, Spanish importer came up with independent marketing campaign “Guess what brand is it?” (Figure 20 and 21) The idea of the campaign was the placing the stand with new Superb in couple of Spanish airports without any logos on it and making a contest of guessing among the travelers. The campaign had the success and was very well accepted in the social media. Maybe such a talented marketing campaigns will drive the sales of Spain importer higher, will not they?

- France

French importer comes right after Spain with a gap in between of roughly 200 cars. The total amount of French market is 23,013. It counts 2% of annual total for ŠKODA. Regardless of not a big amount of sold cars, French market shows good growth rate of 7%.

However, ŠKODA experiences problems with the image of an “old men car” on the French market. In addition to this, ŠKODA is under considerable competition pressure of domestic French brands because of high loyalty of local population to domestic car manufacturers. According to Peugeot 2015 annual report, the company has sold 246,454 cars in France, which is incomparably more than ŠKODA with its 21.5 thousand units.

- Italy

Italy closes the list of EU5 markets by the amount of sales. The share of the total sales counts as 1.8% with 20,530 cars sold. Nonetheless, Italy shows colossal growth rate of 24%, which is the second biggest growth rate after Turkey with 30%. Just like France, Italy has a high loyalty of local population to the domestic car manufacturers. In the light of this, ŠKODA still has a weak market presence. Moreover, ŠKODA manufacturers mostly family cars, which are not convenient to drive in Italian cities due to their size.

### **3.3 Marketing strategy of Octavia follow-up campaign**

As it is now clear, what product is Octavia, and what are the markets where the situation is analyzed by the thesis, it would be worthy to cover the reasons and strategy of the follow-up campaign. International marketing department of ŠKODA initiated Octavia follow-up marketing campaign in June 2015 as the sales support. Octavia was almost 3 years on the market at that moment, and sales started to decline. To boost the sales before the facelift model (the plan was to launch it in 2017), the follow-up campaign had been planned.

After 3 phases of marketing campaign, Octavia follow-up marketing assets were distributed to the markets in October 2015. The campaign itself was the integrated marketing campaign and was based on the slogan "What is it about the Octavia?". The creative idea behind it was to highlight the versatility of Octavia model with its many derivative models, which represent different values, but still being the same car.

The core of the campaign was the TV commercials, which defined the tone and feel for the further assets. In total, there were 5 videos for each Octavia: Limousine, Combi, Scout, RS and L&K models. Each of the commercial put the emphasis on every derivative model, thus highlighting its strong side. Altogether, it supposed to create the versatility of car characters. The TV commercials described above are enclosed in the attachment.

In compliance with tendency described in the chapter 1.2, the follow-up for Octavia campaign was the integrated one, the rest of the assets were produced in line with the core idea. Besides the TV commercials, there were so called beauty shots produced, which were used as the base for OOH advertising, print ad of the various formats. The table below (Table 2) shows the variety of the produced assets for the Octavia follow-up campaign.

Categories	Assets	Versions / Formats
<b>MODEL PAGES</b>		
	Octavia	
	Octavia RS	
	Octavia SCOUT	
<b>DIGITAL CAMPAIGN</b>		
	Usage of the pictures in K2 Home Page & Landing Pages	K2 landing page content (pictures + copy) / Top Images
	Usage of the videos in Social Media: Facebook, Instagram, YouTube	
<b>FLASH BANNERS</b>		
	Octavia Limo	Master format 300x250px Video version (5-10s from TVC)
	Octavia RS	Master format 300x250px Video version (5-10s from TVC)
	Octavia Scout	Master format 300x250px Video version (5-10s from TVC)
	Octavia Combi	Master format 300x250px Video version (5-10s from TVC)
<b>VIDEOS</b>		
	Octavia Scout: "Wall"	15s
	Octavia Combi : "Looking"	15s
	Octavia Limo: "Cleaning"	15s
	Octavia RS : "Are we there yet?"	15s
	Octavia L&K: "Inheritance"	15s
	TVC 1 : "Wall & Are we there yet? & Looking"	30s
	TVC 2 : "Cleaning & Inheritance & Wall"	30s
<b>BEAUTY SHOTS</b>		
	Octavia Combi	
	Octavia RS	
	Octavia L&K	
	Octavia range : RS - Scout - L&K - Combi	
<b>PRINT ADS,OOH</b>		
	Octavia Combi	A4+A3 format, BB
	Octavia RS	A4+A3 format, BB
	Octavia L&K	A4+A3 format, BB
	Octavia range	A4+A3 format, BB

**Table 2 Assets list of Octavia follow-up campaign**

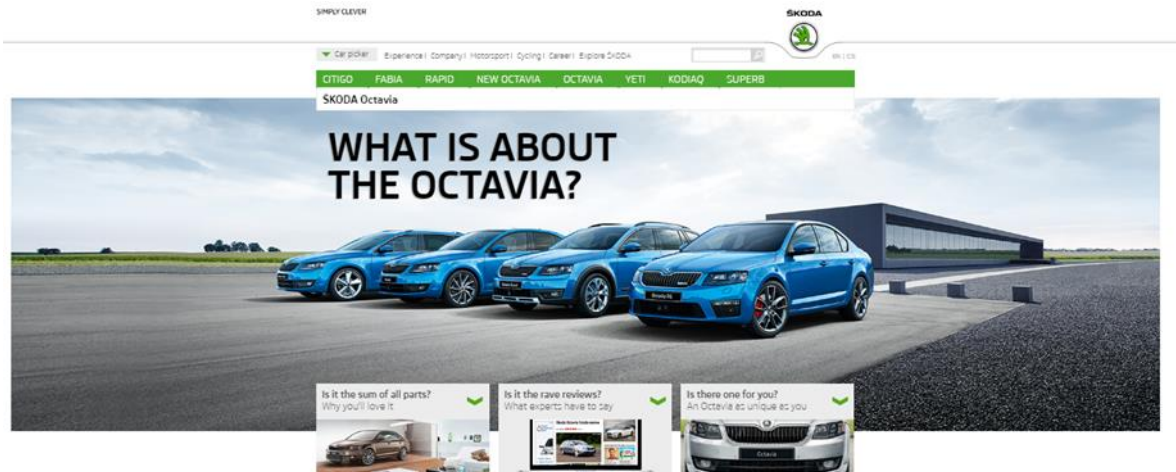
Source: ŠKODA AUTO internal documents (2015)

Beauty shots are important base for the different marketing assets production. Therefore, most of the digital plan was covered with flash banners, social media posts and website landing pages, which are all derived from the beauty shots. The figures 22 and 23 are the example of how beauty shot (Figure 22) is used as the base for the further assets production. As an example of beauty shot utilization, there is the landing page of Octavia (Figure 23) on ŠKODA website.



**Figure 23 Octavia range beauty shot**

Source: ŠKODA AUTO website (2014)<sup>24</sup>



**Figure 22 Octavia landing page on ŠKODA website**

Source: ŠKODA AUTO website (2014)<sup>25</sup>

### 3.3.1 Marketing strategy of EU5

As it has been already described in the chapter 3.2, every market has its own SWOT from the marketing and sales perspective. It means that having different market situations, importers will behave and approach the customers differently. This subchapter will describe how EU5 dealt with the follow-up campaign assets for Octavia and will cover such topics as marketing channels, types of assets and timing. The following text will be based on the detailed media plan, which is reported on the monthly basis.

<sup>24</sup> Retrieved from: <http://www.skoda-auto.com/en/models/octavia-range>

<sup>25</sup> Retrieved from: <http://www.skoda-auto.com/en/models/octavia-range>

- Germany

Even though Octavia follow-up campaign was delivered to the markets already in October, German importer placed a bet not on Octavia model, but on Superb. Starting from August, German importer was heavily investing to the launch of new generation of Superb model, which came on sale in September 2015. German importer used the follow-up campaign assets to refresh the online web pages. However, in fact, Germany was not investing into the media push of Octavia as other markets did.

All this is reasonable, because Octavia did very well and there was no drop in total sales. Thus, in year 2014, ŠKODA sold 149 thousand cars in total on German market, the year after in it was already 158 thousand. It says about overall growth of 6.2%. Moreover, it is important to admit that 29% of all sold cars is Octavia. It makes sense not to invest to already successful Octavia, but to support the launch of Superb.

However, Octavia was not left completely aside. As per Table 3 below, the attention to Octavia was always supported indirectly together with other models while tactical campaign offering financial services. This is another indirect way of keeping potential customers aware of Octavia model. Table also shows the amount of investment dedicated from the monthly budget to the campaign. In October the investment counted 37% of total allocated budget, but in November it was tripled to 91%. The primary channel for this campaign was radio (86% in October and 65% in November), the second channel was online (11% in October and doubled 21 % in November), the third channel was print advertising, which could include various brochures and catalogues, and counted 5% in October and considerably higher 14% in November.

As it is stated in chapter 2.2.2, another way to support the attention to the model is special editions of the car. In the case of German importer, it was so-called Joy range, which included Rapid, Octavia and Yeti. There was only December dedicated for this campaign. The campaign itself used purely TV as the channel. TV, still being one of the most expensive channels, could cause such a big investments of 65% of total monthly budget.

Month	Message of the campaign	Share in monthly budget	Channels used			
			Radio	Print	Online	TV
Oct-15	Tactical campaign (financial services) Key visual: Fabia, Octavia, Yeti	37%	86%	5%	11%	0%
Nov-15	Tactical campaign (financial services) Key visual: Fabia, Octavia, Yeti	91%	65%	14%	21%	0%
Dec-15	Tactical campaign (Joy Range) Key visual: Rapid, Octavia, Yeti	65%	0%	0%	0%	100%

**Table 3 Media activity overview - Germany**

Source: ŠKODA AUTO internal documents (2016)

- UK

United Kingdom is the second biggest market of EU5 countries for ŠKODA. According to the media activity report, UK, at the time when follow-up was distributed to the markets, was heavily investing in the Superb launch. It took place in October together with the tactical campaign for the financial services.

In contrast to Germany, UK invested into the follow-up campaign of Octavia later. Follow-up campaign was launched by UK importer in February 2016, 3 months after the headquarter delivery. This might be conditioned by the fact that UK importer tried to separate the campaigns of Superb and Octavia in order to get comprehensive customer feedback in the face of sales.

But before the follow-up campaign, Octavia was communicated as the part of financial services advertising together with Fabia and Yeti. It was continuous campaign from October to December with the increasing sharing in monthly budget from 12% in October to 39% in November and to 45% in December. The campaign was primarily using online channel with more than 50% among the other channels, the rest was dedicated to print and to radio.

The follow-up campaign itself was introduced under the different slogan: “ŠKODA Octavia – Loved, not owned”. The biggest channel throughout the campaign was TV. Thus, in February the channels were TV (85%) and Online(25%) in the form

VOD (Video on Demand). After that, the campaign continued in March and April with the prevalence of TV (75% in March and 64% in April), the second channel was Online (25% in March and increased 36% in April). Even though, the campaign was initiated with the high emphasis on TV, online was taking more and more investment through the course of the campaign. This tells that probably there was no customer feedback as expected. That is why importer started to move to the different channel.

Month	Message of the campaign	Share in monthly budget	Channels used			
			Radio	Print	Online	TV
<b>Oct-15</b>	Tactical campaign (financial services) Key visual: Fabia, Octavia, Yeti	12%	0%	40%	60%	0%
<b>Nov-15</b>	Tactical campaign (financial services) Key visual: Fabia, Octavia, Yeti	39%	0%	44%	56%	0%
<b>Dec-15</b>	Tactical campaign (financial services) Key visual: Fabia, Octavia, Yeti	45%	17%	30%	53%	0%
<b>Feb-16</b>	Octavia: Loved not Owned	22%	0%	0%	15%	85%
<b>Mar-16</b>	Octavia: Loved not Owned	30%	0%	0%	25%	75%
<b>Apr-16</b>	Octavia: Loved not Owned	44%	0%	0%	36%	64%

**Table 4 Media activity overview - UK**

Source: ŠKODA AUTO internal documents (2016)

- Spain

Spanish importer took its own strategy. In comparison to Germany and UK, Spain made a huge financial emphasis to Octavia Limousine version in October. As per figure 32 and 33 in the chapter 3.4, such a move is derived from the decreasing sales of the Limousine model. The sales of Limo versions were always

approximately on the same level with Combi models, but there was a significant drop of Limousine in October, which made importer to act accordingly.

As per Table 5, Spanish importer took the follow-up campaign assets as the base. However, the emphasis of the campaign was made on the maintenance and simply clever features. The main media channel was TV with 85%, 13% counted online and the rest of 2% was given to the print media. Share in monthly media budget was 75%, such a big investment was not continued. The following month was dedicated to the other models, but Octavia was a part of ŠKODA Range campaign with more than one third (36%) of monthly budget. Spanish importer used radio (51%) and online (49%) almost evenly.

In addition to campaigns in October and November, there was another investment for Octavia made in March. There was used follow-up campaign assets, but with the pure purpose of financial offer advertising. March investment counted 31% of total monthly budget and used solely TV channel to address the audience.

Month	Message of the campaign	Share in monthly budget	Channels used			
			Radio	Print	Online	TV
Oct-15	Octavia. Maintenance - Simply clever	75%	0%	2% (magazines)	13%	85%
Nov-15	ŠKODA Range (All models)	36%	51%	0%	49%	0%
Mar-16	Octavia. Financial offer	31%	0%	0%	0%	100%

**Table 5 Media activity overview - Spain**

Source: ŠKODA AUTO internal documents (2016)

- France

As it was covered previously, special editions are perfect to create additional awareness of already well-known models. France, being the host country of Tour de France cycling race, introduced special Tour de France edition for all models including Octavia. As per Table 6, the marketing campaign for this special edition



took place on October and November 2015. French importer tried to benefit from Tour de France and complemented its advertising activities with this event. The importance of sponsorship and ŠKODA sponsorship activities in particular were discussed in chapter 2.1.4, and now it is visible how business can benefit from it. The marketing communication was performed through TV (69% in October and 70% in November) and Online (31% in October and 30% in November). The share of total budget was relatively small (15% in October and 21% in November), the biggest part of the budget was given to the Superb launch and to the Fabia campaign.

Octavia turn had come in January and February 2016. French importer utilized the follow-up campaign assets, but the message was transformed to highlighting the features of Octavia (roominess and outstanding boot capacity). As in the case of Tour de France edition, the division strategy among the channels was the same (22% online and 78% TV for both: January and February).

Month	Message of the campaign	Share in monthly budget	Channels used			
			Radio	Print	Online	TV
Oct-15	Tour de France Edition All models	15%	0%	0%	31%	69%
Nov-15	Tour de France Edition All models	21%	0%	0%	30%	70%
Jan-16	Octavia: the biggest boot and interior space in the class	48%	0%	0%	22%	78%
Feb-16	Octavia: the biggest boot and interior space in the class	19%	0%	0%	22%	78%

**Table 6 Media activity overview - France**

Source: ŠKODA AUTO internal documents (2016)

- Italy

Italy did the same as Spain – right after the delivery from the headquarter, the campaign was quickly localized and implemented on the market. But unlike the Spanish importer, which was communicating basic things as financial services and maintenance, Italy transformed the initial creative idea “What is it about the Octavia?” to “What makes ŠKODA Octavia so special?”. Interesting to point out that Italian importer made a marketing push in October emphasizing space and style and then continued (after pause of 3 months) in February and March with the new slogan.

As per Table 7 below, the share of the allocated budget was one of the biggest among the EU5. The pattern of the division through the months between the channels was the same. 70% or higher was dedicated to TV, from 12% up to 17% was given to online and the rest was covered by Radio.

Month	Message of the campaign	Share in monthly budget	Channels used			
			Radio	Print	Online	TV
Nov-15	Octavia: Space and Style	61%	10%	0%	42%	51%
Feb-16	What makes Octavia so special?	71%	11%	0%	16%	73%
Mar-16	What makes Octavia so special?	91%	13%	0%	17%	70%

**Table 7 Media activity overview - Italy**

Source: ŠKODA AUTO internal documents (2016)

### 3.4 Sales results

As per chapter 2.4, marketing campaign is the investment and every investment is expected to be returned in the form of dividends. Dividends in this case of follow-up campaign are the sales volumes. This final chapter will give an overview about what were the sales outcomes of the performed marketing activities described in the previous chapter.

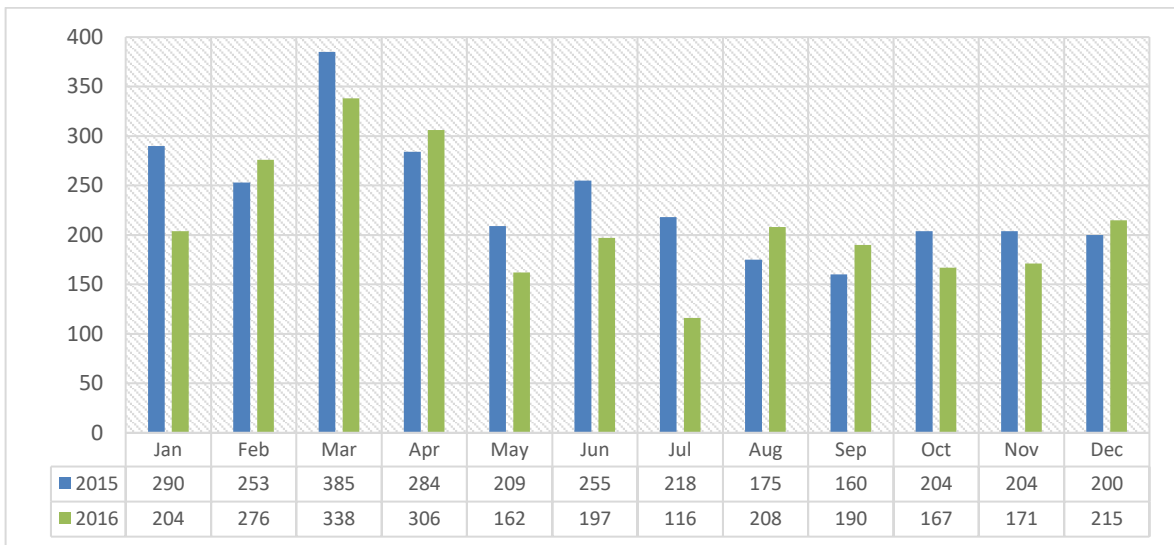
However, it is worth to mention that sales are not only influenced by the marketing investments. There are many factors, which can significantly influence the sales. Among those are overall economic situation on the market, pricing and tax policies, competition, customer preferences and many others. Nevertheless, on the examples of EU5, there will be shown the Octavia sales results from year 2015 and 2016. Based on the sales, there will be pointed out the tendencies and possible sales influencers.

- Germany

As it is shown in Table 3 and supported with in-depth description in the previous chapter, Germany did not use the follow-up campaign assets for the marketing push purposes. However, there was continuous indirect messages about Octavia as a part of tactical campaigns. Figure 22 and Figure 23 below shows that Limo and Combi versions sales, throughout the year 2015 and 2016, are stable with strongly marked peaks in March and April. These peaks are telling about the seasonality, which is inherent for the automotive market. The seasonality issue for automotive business was covered in the chapter 2.1.5, which confirms the hypothesis above.

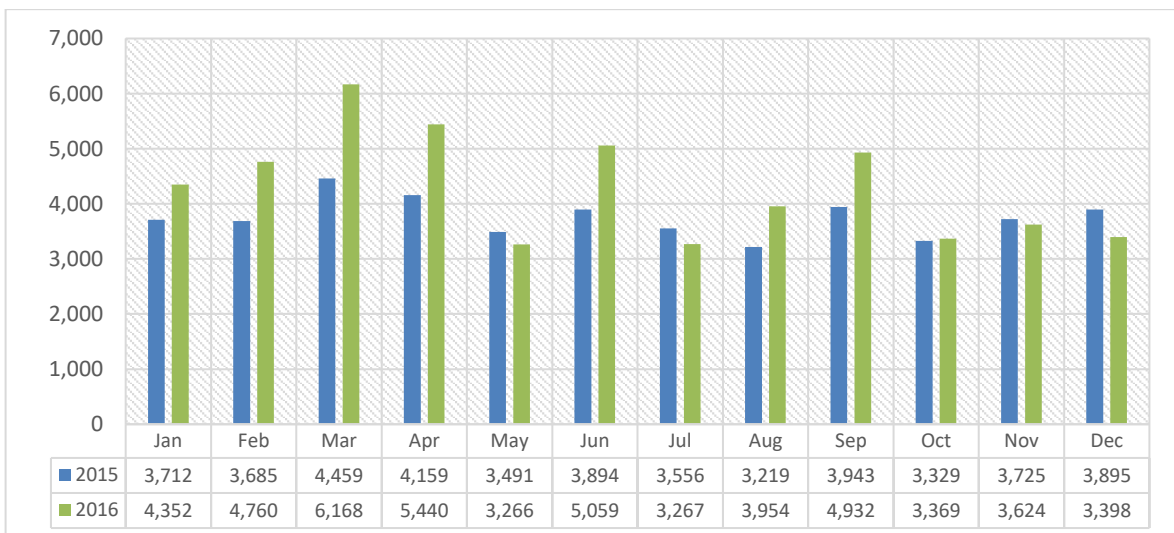
As per Table 3, October, November and December are the months of the marketing investments for Octavia. After these months, there is no immediate sales reaction during the investment months. However, there is the significant growth in January, February and March for Combi model. March 2016 shows the biggest sales of Combi model, which count 6168 cars.

The sales results demonstrate the overall stability of the demand and the market stability itself. Nevertheless, based on the comparison of two years of sales, there is a drop in total sales. Limousine version dropped by 11%, while Combi version dropped only by 2%. If to compare two body types, Limousine and Combi, it is evidently that Combi far more popular among the customers and counts 94% of all Octavia purchases.



**Figure 24 Octavia Limousine sales monthly overview - Germany (2015-2016)**

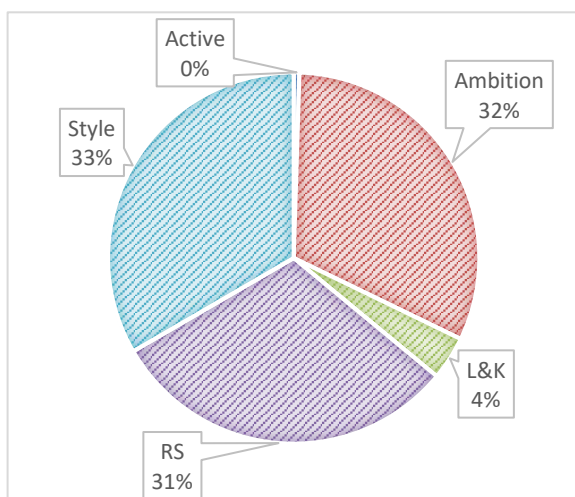
Source: ŠKODA AUTO internal documents (2016). Undisclosed coefficient is implemented.



**Figure 25 Octavia Combi sales monthly overview - Germany (2015-2016)**

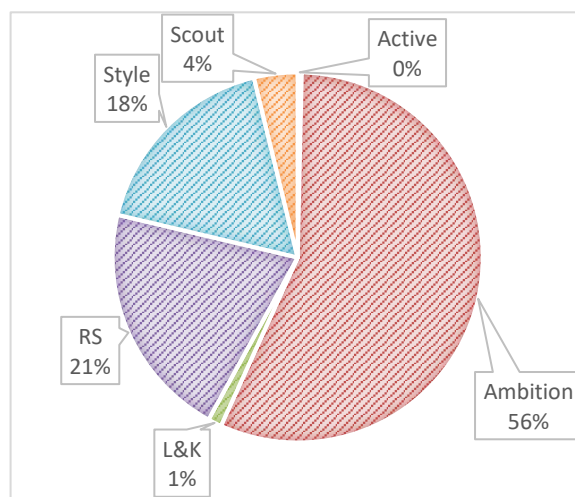
Source: ŠKODA AUTO internal documents (2016). Undisclosed coefficient is implemented.

Figures 24 and 25 show the share of the derivative models in total sales. The figures show not only derivative models (L&K, RS, Scout), but the trim level of models (Active – entry version, Ambition – medium equipment version, Style – highest trim version). As per figures, derivative models count 35% of total for Limo and 26% for Combi, which are the considerable amounts. Among the regular version, Ambition is the most popular for both body types. To conclude, German importer has a beneficial situation of stable market and enjoys smaller investments, but bigger sales. Even experiencing a decline in sales, the demand remains stable throughout the year. On top of it, Octavia by year 2016 was more than 3 years on market, but sales remained to be strong.



**Figure 27 Share of the derivative models in total sales of Limo - Germany (2016)**

Source: ŠKODA AUTO internal documents (2016)



**Figure 26 Share of the derivative models in total sales of Combi - Germany (2016)**

Source: ŠKODA AUTO internal documents (2016)

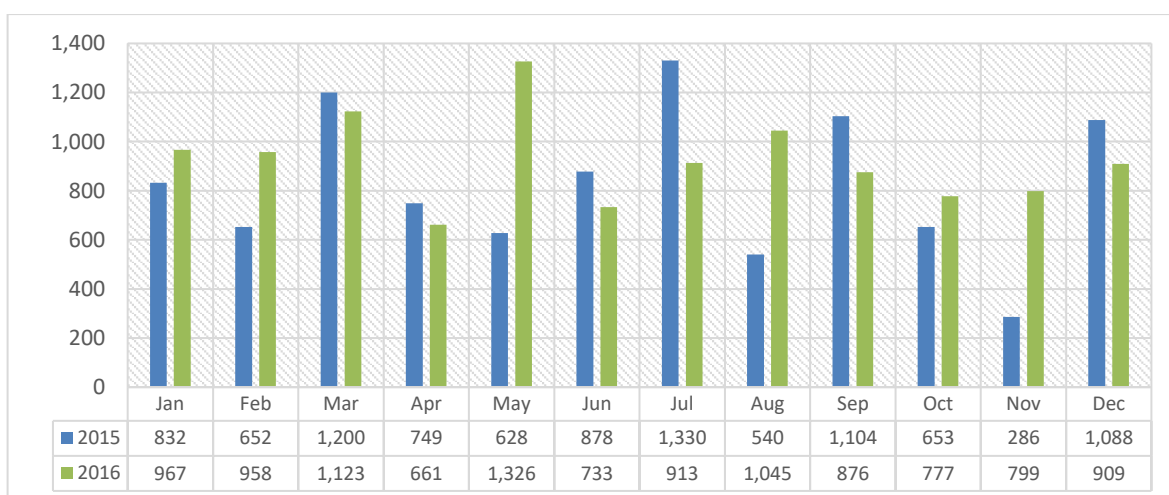
- UK

As per media activity report (Table 4), UK had three months (October, November, December) of the tactical campaign for the financial services, where Octavia was the part of the communication. However, the follow-up campaign itself was launched in February till April. As per figures 28 and 29, over the course of year 2015 and 2016, Octavia sales are rather instable with big constant fluctuations over the months.

The biggest peak for both body types is on May. This peak might be connected with the follow-up marketing campaign, which ended in April. Such a sale jump might be considered as the impressive sales result of the follow-up marketing campaign.

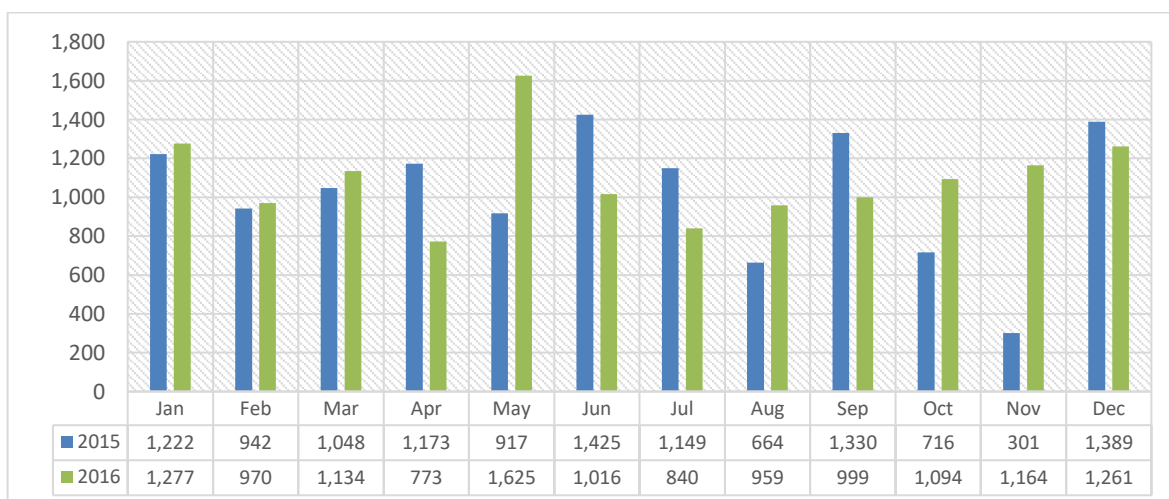
However, the significant drop in June and July follows after this increase. The recovery comes in August.

During the year 2016, the sales all the way through the months are higher than in year 2015. After comparison of two years, UK importer sales could reach 11% growth for Limo version and 6% growth for Combi. This should be assumed as the successful localization of the assets and high efficiency of the marketing campaign.



**Figure 28 Octavia Limo sales monthly overview - UK (2015-2016)**

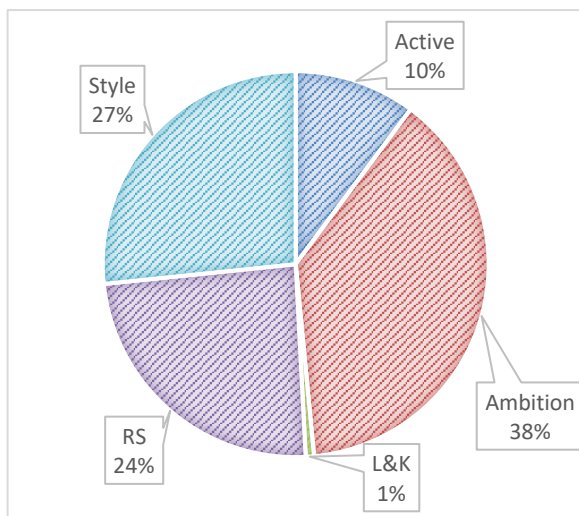
Source: ŠKODA AUTO internal documents (2016). Undisclosed coefficient is implemented.



**Figure 29 Octavia Combi sales monthly overview - UK (2015-2016)**

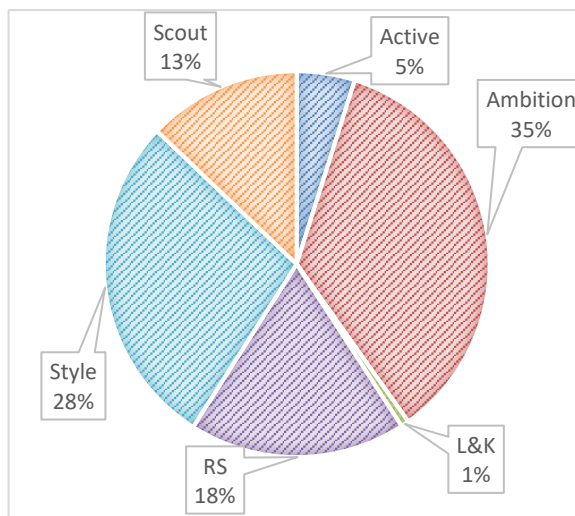
Source: ŠKODA AUTO internal documents (2016). Undisclosed coefficient is implemented.

In comparison to Germany, the share of Limousine versions is significantly bigger, and it counts already 45% of total amount. The derivative models contribution to



**Figure 30 Share of the derivative models in total sales of Limo - UK (2016)**

Source: ŠKODA AUTO internal documents (2016)



**Figure 31 Share of the derivative models in total sales of Limo - UK (2016)**

Source: ŠKODA AUTO internal documents (2016)

total sales is comparable (Figure 30 and 31) to German level. Limo body type has 25% of derivative models in total sales, while Combi has 32%.

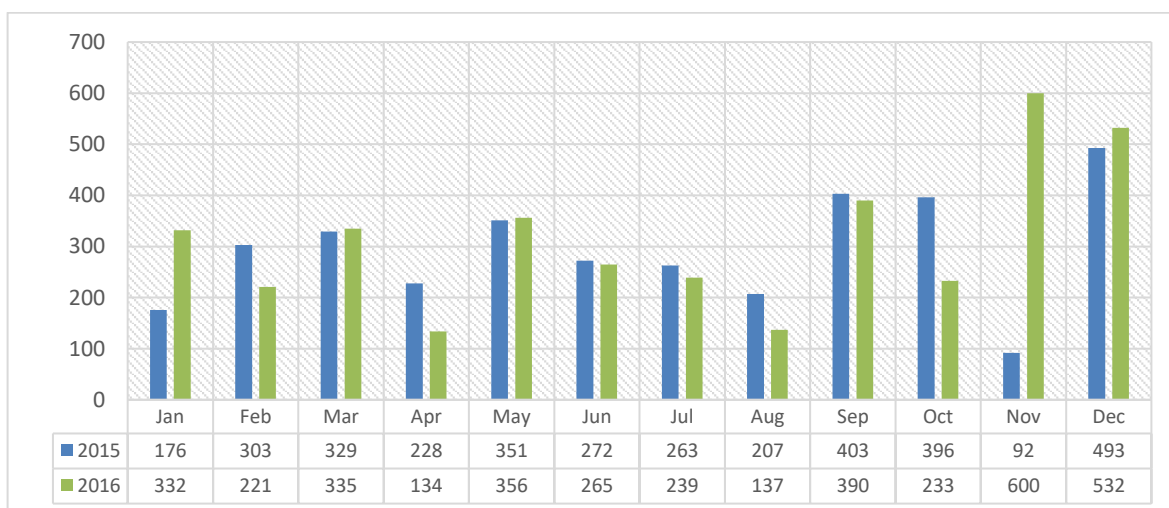
- Spain

According to the Table 5, Spanish importer separated the investments into two pushes: first for Limo in October and the second for both models in March with the intermediary investment in November. Over the year 2015, there is a tendency of high demand in spring months for both models, thus the biggest sales figures are concentrated in May, April and March. However, there is a peak for Combi version in September 2015.

Utilizing the follow-up marketing assets, the marketing campaign for both Octavia body types was launched in March. According to the sales results (Figures 32 and 33), after the campaign, there was an increase in May. However, after that, sales performance became even worse for the rest of the months in comparison to the previous year. The sales unexpectedly increased in November and December 2016, which positively influenced total result of year 2016. Overall, sales performance of 2016 had an increase of 25% in comparison to 2015, which says about good sales and marketing performance. But on the other hand, the unexpected increase in the

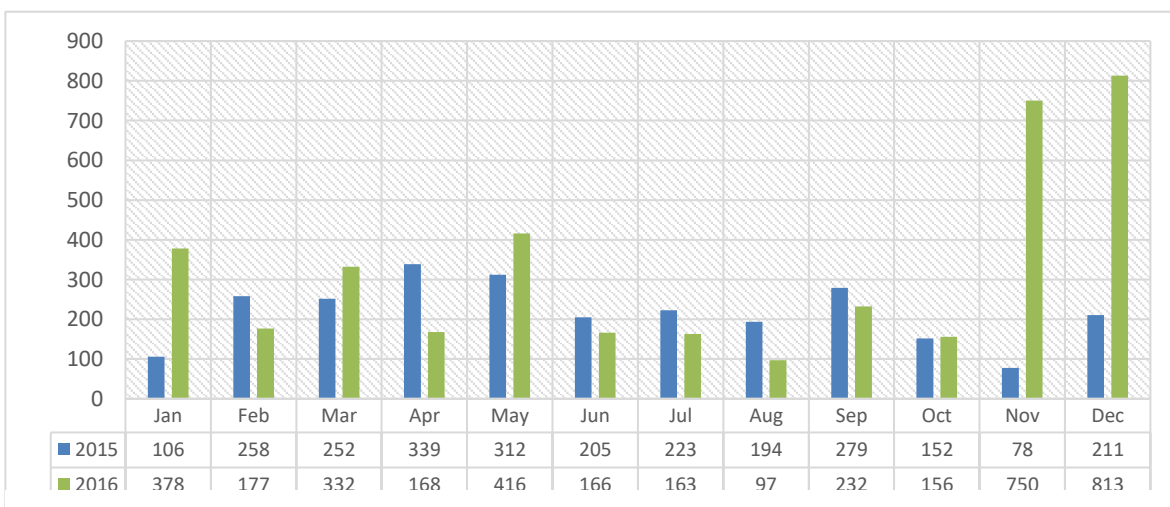
last months might mean, that there were discounts, which boosted the sales. All this can mean two things. First, dealers were not able to sell the cars. Second, the announce of the facelift model in October 2016. In both cases, the discount was the last chance to sell the cars from a stock, otherwise importer would have even more problems with the left cars in the next year.

Anyway, high monthly fluctuation makes to conclude about the unfavorable situation on Spanish market and its instability. Marketing investment to marketing campaigns did not give any comprehensive sales results. Moreover, the growth is caused more likely by to the attractive pricing strategy, rather than by marketing campaign.



**Figure 32 Octavia Combi sales monthly overview - Spain (2015-2016)**

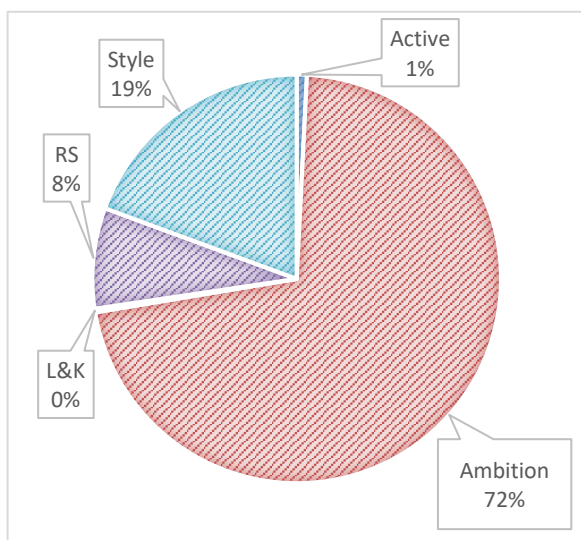
Source: ŠKODA AUTO internal documents (2016). Undisclosed coefficient is implemented.



**Figure 33 Octavia Limo sales monthly overview - Spain (2015-2016)**

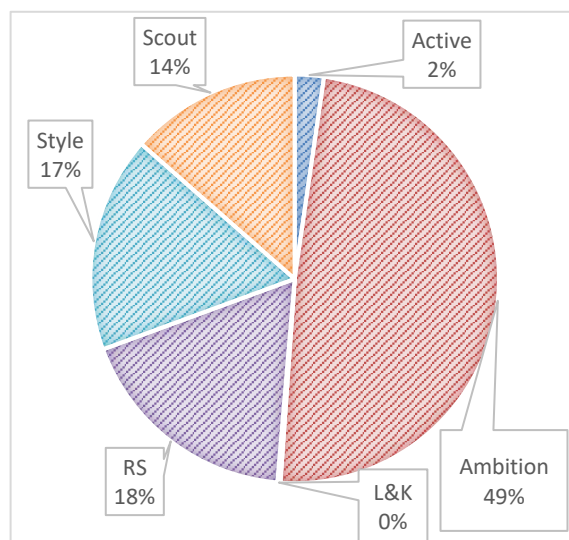
Source: ŠKODA AUTO internal documents (2016). Undisclosed coefficient is implemented.





**Figure 34 Share of the derivative models in total sales of Limo - Spain (2016)**

Source: ŠKODA AUTO internal documents (2016)



**Figure 35 Share of the derivative models in total sales of Combi - Spain (2016)**

Source: ŠKODA AUTO internal documents (2016)

Concerning the share of the derivative models (Figures 34 and 35), Combi shows healthy figures of 32%, where RS is the most popular derivative model. While Limo version shows very poor variety of the sold models. It counts only 8% represented by RS only. The reason for this might be that majority of Limo buyers are fleet customers as they purchase standardized models.

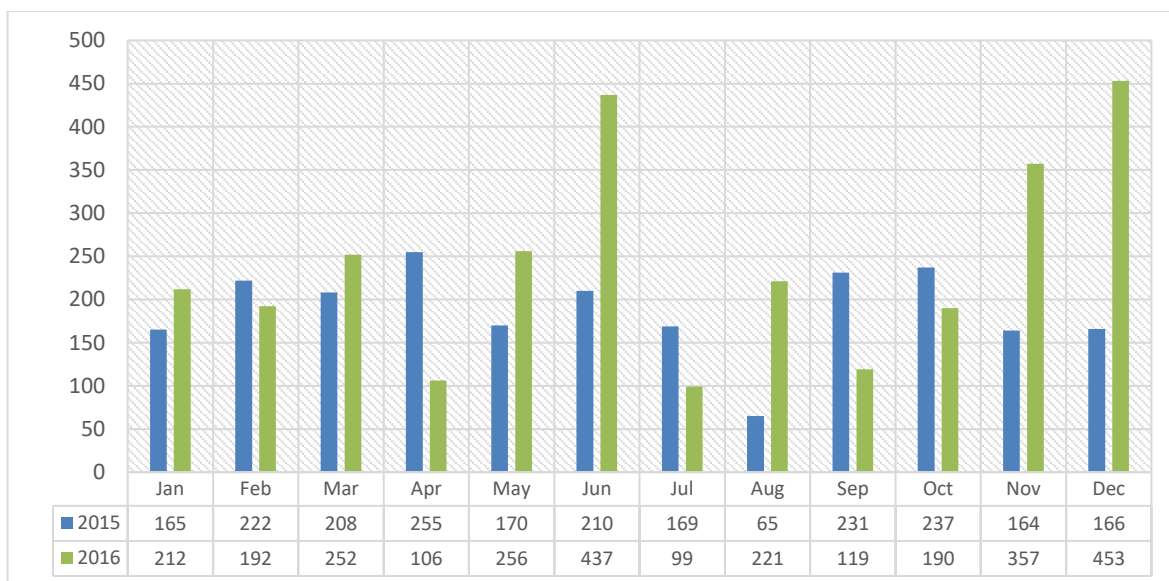
- France

As per media activity of French importer (Table 6) in the previous chapter, last quarter of 2015, French importer invested its marketing budget to Tour de France special models. However, Octavia was communicated during this campaign as well. But customers were reached with Octavia campaign in the beginning of 2016.

The demand for Octavia in France in 2015 and 2016 (Figures 36 and 37) was stable for both body types. However, Limousine and Combi versions experienced smooth and stable demand with the exception of August 2015 drop. Combi version are more popular than Limo models, thus sales were obviously better with the peaks in June, September and October.

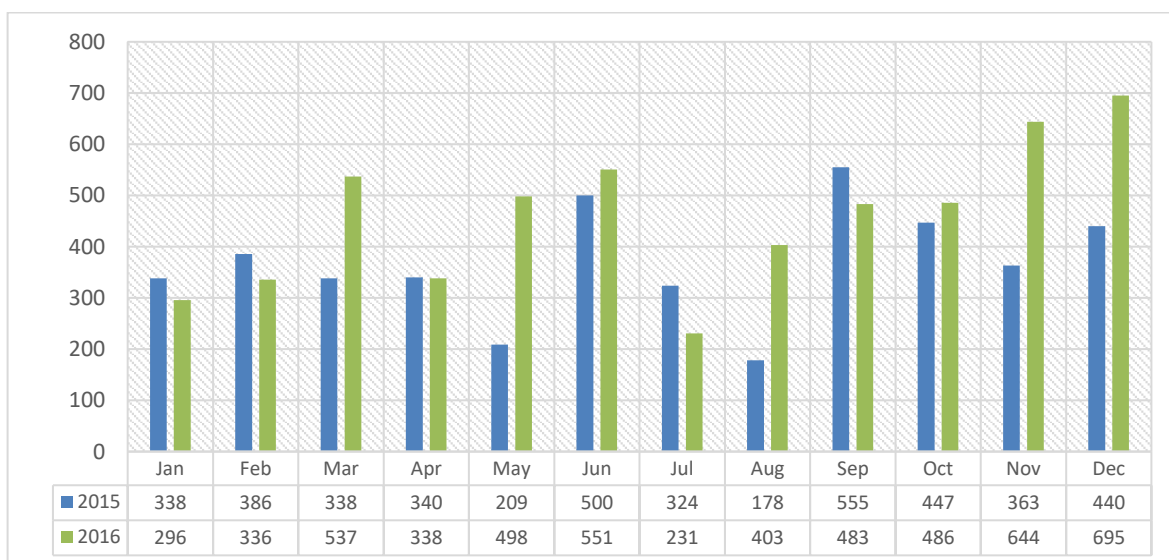
Right after the launch of campaign for Octavia , there was an increase of sales in February and March mainly for Combi model. On average, the rest of the year Combi and Limo versions showed better results than in year 2015. Overall increase

of sales counted of very positive 25%. According to the media plan of French importer, the main emphasis in 2016 was made on Fabia and Superb models. The campaign for Octavia was the single marketing action made to increase the sales – this fact takes to conclusion that marketing campaign was successful. Nevertheless, increased sales in last months of 2016 can mean beneficial pricing strategy in the light of facelift model announcement.



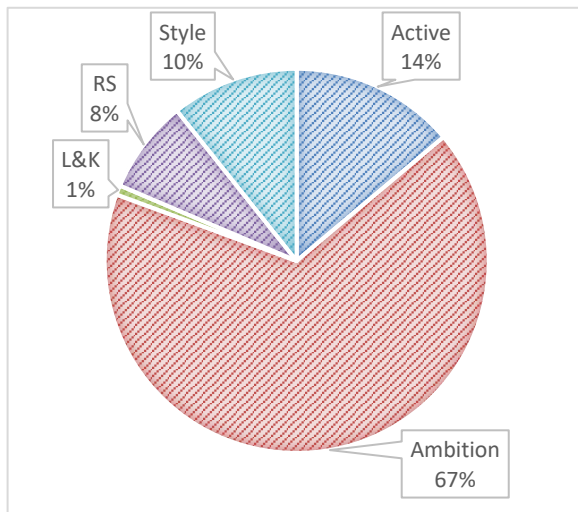
**Figure 36 Octavia Limo sales monthly overview - France (2015-2016)**

Source: ŠKODA AUTO internal documents (2016). Undisclosed coefficient is implemented.



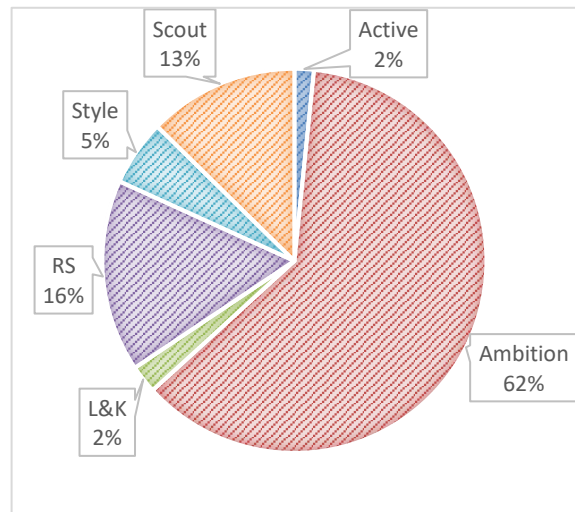
**Figure 37 Octavia Combi sales monthly overview - France (2015-2016)**

Source: ŠKODA AUTO internal documents (2016). Undisclosed coefficient is implemented.



**Figure 39 Share of the derivative models in total sales of Limo - France (2016)**

Source: ŠKODA AUTO internal documents (2016)



**Figure 38 Share of the derivative models in total sales of Combi - France (2016)**

Source: ŠKODA AUTO internal documents (2016)

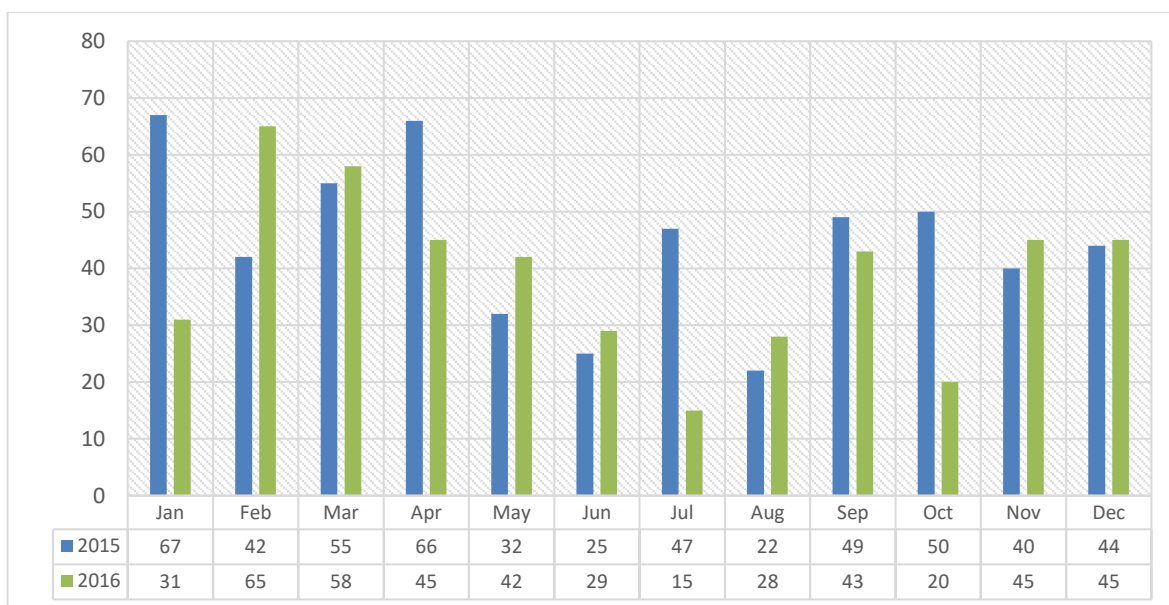
According to the Figure 38 and 39, France, just like Spain, shows poor versatility between the Limo derivative models in total sales, and it counts only 9%. Combi shows higher number of 31%. Ambition equipment level remains to be one of the most popular, but French market demonstrates the dominance of Ambition for both body types.

- Italy

According to the market media plan (Table 7), Italian importer had the biggest budget of the campaign among EU5. The marketing campaign took place in October 2015, February 2016 and March 2016. Italy is the second market (together with UK), which properly localized and adopted the campaign and its marketing message.

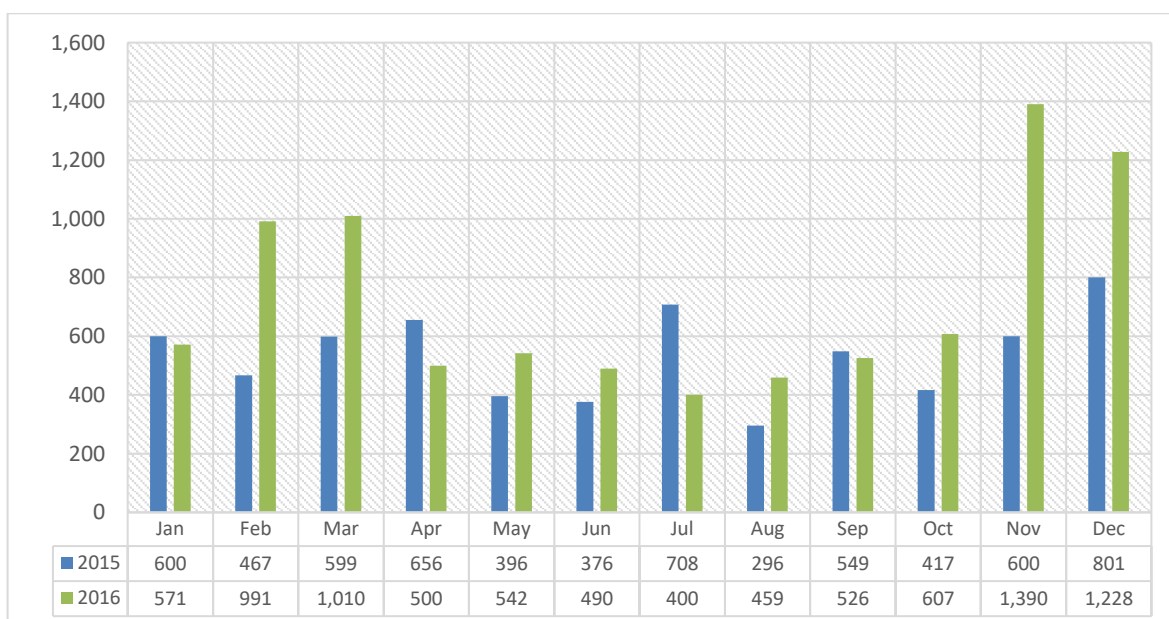
According to the sales (Figures 40 and 41), the gap between Limousine and Combi version is the biggest among European 5: Limousine versions counted only 7% of total sales in 2015. Year 2015 showed miserable total sales volume of Limo version: 539 cars. After the follow-up campaign launch in November, the situation for Limo had not changed at all – the demand was stable, but very low till the end of the year. The result of 2016 is even worse, the total sales of Limo decreased to 466 cars, which means that February and March marketing activities did not improve the situation.

In contrast to Limousine, Combi version felt itself better from the sales perspective. After October marketing push, there was increase in November and December, which continued to grow in February and March. Since March sales stabilized on the average 500 cars monthly. November and December showed the biggest sales during the course of 2015 and 2016.



**Figure 40 Octavia Limo sales monthly overview - Italy (2015-2016)**

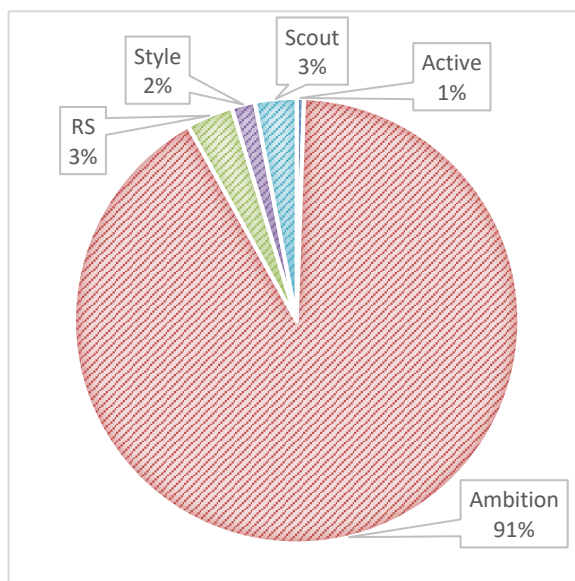
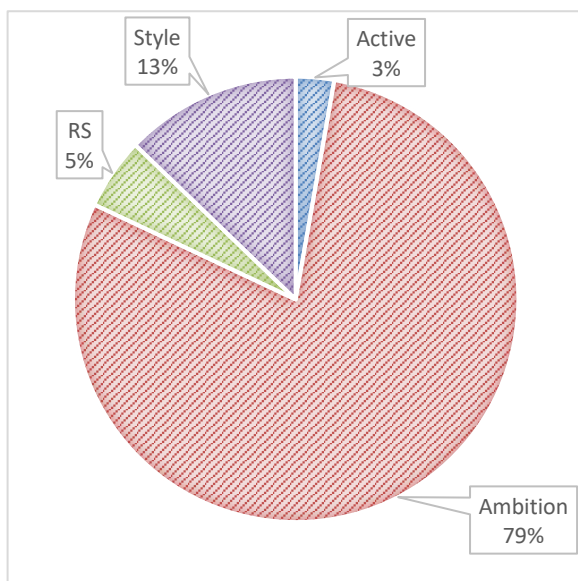
Source: ŠKODA AUTO internal documents (2016). Undisclosed coefficient is implemented.



**Figure 41 Octavia Combi sales monthly overview - Italy (2015-2016)**

Source: ŠKODA AUTO internal documents (2016). Undisclosed coefficient is implemented.

To conclude, Limo version failed on Italian market through the course of 2 years. The follow-up campaign could not take it out of the sales bottom. In contrast to that, Combi was incomparably better performing and there was significant change in sales. However, there was an increase in sales in last two months, which again (as in case of France and Spain) can be explained by the attractive price offers shortly before the launch of facelift model.



**Figure 42** Share of the derivative models in total sales of Limo - Italy (2016)

Source: ŠKODA AUTO internal documents (2016)

**Figure 43** Share of the derivative models in total sales of Combi - Italy (2016)

Source: ŠKODA AUTO internal documents (2016)

In regard to the derivative model, Italy shows the worst versatility of models among EU5. In fact, the sales are coming only from Ambition level trim. This might tell that Octavia has very weak market position in Italy. Importer orders only Ambition as the most “sellable” equipment version and does not want to risk and to keep in stock the other models which might not find the buyer. Important to notice that L&K model is not represented in Italy, which has poor sales all over the EU5 market.

## **Conclusion**

The thesis covered significant number of topics related to the marketing communications and its importance. New trends in the face of online marketing and integrated marketing communication were widely introduced. The theoretical part described the most popular used types of marketing communication by the companies with the constant reflection on the automotive industry.

The marketing communication of automotive industry has its own particularities due to the size of the business and budgets allocated. Marketing is no more considered as the spending, but oppositely car sale businesses consider it as an investment. Automotive industry has huge investments in marketing, which accurately measured by KPI's. Key performance indicators help to see the reaction of the customers and can measure the return on marketing investment.

Before each investment, there is the place for planning, which will drive the idea of marketing campaign based on the customer needs. Planning is made to define how to reach the right customers with the right message. However, as it is seen in the practical part, plan does not always work. The goal of every investment is to get something in return, which will cover the initial input.

As it could be found in the sales analysis of each market, some of the markets performed much better than the others. The reason for this is always the poor planning of some markets. Very often, other factors such as overall economic instability, pricing and tax policies, competition, customer preferences and many others highly influences the outcomes. Unfortunately, marketing campaign cannot always influence the sales, due to the factors listed above.

Nevertheless, proper planning, which includes talented localization and right timing can increase the sales significantly. The brilliant example is the importer from United Kingdom, which could significantly increase the sales after the marketing investment without the price decrease in the end of the year. With exception of Germany, France, Spain and Italy showed the growth of the sales through the course of two years. However, this is not necessarily mean the success of the marketing campaign, as there could be seen high peaks in the last months. This might mean other factor, which could push the sales, rather than marketing activity. The

hypothesis was confirmed only on the case of UK market, while the others market influenced and improved (except Germany) the sales by other means.

To consider all the stated above, there is the lack of cooperation between the big markets and the head office, which is responsible for the global marketing. In the case of Germany, the second biggest market worldwide, it did not even localize the marketing campaign. This might mean that follow-up campaign did not correspond to the market needs. Moreover, only one importer (UK) out of EU5 could reach the desirable results, while others took additional strategies to experience the growth.

Taking into the consideration the current organization of business, where head office is responsible for global marketing communication, the suggestion will be to establish the closer cooperation of markets in the form of joint KPI and market needs setting. The markets could be grouped not based on the location, but based on the market situation and sales volumes – the same as countries are grouped into underdeveloped, developing, and developed. This might significantly increase the efficiency of the campaigns, as it will aim to solve specific problems, which markets are characterized by. Of course, it is impossible to produce every time three different marketing campaigns for three different groups of markets, as investments will be incomparably higher, and sales more likely will not pay off the investments. Nonetheless, the offered approach can work during seasonal and strategic campaigns (such as follow-up campaign), which are aimed to boost the sales and increase the awareness about the product.

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## Appendices



**Appendix 1 TV commercial: What is it about the Octavia? RS, Combi, Scout**

Source: ŠKODA New Zealand YouTube channel<sup>26</sup>



**Appendix 2 TV commercial: What is it about the Octavia? Limo, Scout, L&K**

Source: ŠKODA Ireland YouTube channel<sup>27</sup>

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<sup>26</sup> Retrieved from: <https://www.youtube.com/watch?v=gdjUc9pOifo>

<sup>27</sup> Retrieved from: <https://www.youtube.com/watch?v=sM0dWqwgpOI>



## ANNOTATION

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<b>SUMMARY</b>	<p>The thesis describes a big variety of marketing communications forms as powerful tools in reaching and influencing the sales objectives in the automotive industry. The object of the research is the follow-up marketing campaign on the EU5 markets of ŠKODA AUTO for Octavia model.</p> <p>The main objective of the thesis is to introduce the marketing communications in today's world and to see the functions and goals of different marketing campaigns. Based on the researched functions of follow-up campaign among the other types, the thesis aims to see the influence of the follow-up campaign on EU5 market sales and to compare marketing strategies used by different markets of EU5. The hypothesis of the thesis was that the Octavia follow-up marketing campaign significantly influenced the sales.</p> <p>The result of the research is contradictive to the hypothesis and points out the inefficiency of the follow-up campaign on some markets. Taking the findings into the consideration, the proposal for the further improvements was made.</p>		
<b>KEY WORDS</b>	Marketing communications, automotive advertising, marketing campaigns, sales, ŠKODA Octavia.		
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