

Hyundai Motor Company's Marketing Strategies in Russia

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Summary

This paper is about Hyundai Motor Company's operations in Russia and explains the reasons it was accepted into the mass market segment, the marketing strategies that include dealing with consumer and non-consumer classes in Russia and how sales were conducted focusing mainly on manufacturer marketing channel strategies, the source of their competitive advantage, as well as methods of entering the Russian market and market expansion methods — all from a marketing strategy point of view.

First, in Russia, Hyundai's positioning, in which cars are of better quality and are slightly higher priced than domestic vehicles such as the LADA, was central to their growth in the mass market segment. Additionally, with the licensing of older models, they were able to achieve lower prices through knockdown kit assembly by local companies. At that time, differentiation in operational efficiency including procurement, production, and logistics, such as the systemization of suppliers achieving the swift provision of parts, and a link to the Trans-Siberian Railway reducing logistics costs, also contributed to lower costs. In addition, by conducting surveys of the local population through the company's own marketing channels, Hyundai was able to create products and services adapting to local preferences and values.

Second, Hyundai Motor Company expanded the market with a two-channel strategy. Through the channel of local manufacturers handling domestic automobiles, older model licensing was used to sell the Hyundai Accent, which was produced locally using knockdown kit assembly, while import models produced in Korea and other global Hyundai plants were sold using Hyundai's own channels. When consumers who were long-term users of domestic vehicles such as the Russian LADA purchased an automobile, they would visit a dealer selling domestic automobiles, including the LADA, compare cars from other companies, and make their purchases. At that time, although the price was slightly more expensive, they saw the appeal in the high-quality foreign vehicle, Hyundai Accent. With the transition to a market economy, the income of the younger generation has risen, and rather than domestic cars, they purchase foreign value-for-money automobiles with an emphasis on sophisticated foreign designs and quality.

Third, the marketing strategy for Hyundai Motor Company was superior in its targeting, positioning, value-for-money products, marketing communication using sports marketing, their tie-up with the Rolf Group — a local company with know-how and a network of local contacts, as well their marketing channel abilities (sales capability) selling in two channels.

Fourth, the source of Hyundai Motor Company's competitive advantage lies in the continuous innovation and application of product development attaining differentiation of the company through reduced pricing and local adaptation, localization, the establishment of efficient manufacturing methods, and their exceptional marketing ability and supporting design concept, which were all achieved under the commitment of Chairman Chung Mong-koo.