



Marketing Strategy of Siemens Engineering Company in Chinese Business Environment

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Available online at: www.isca.in, www.isca.me

Received 11th August 2014, revised 5th September 2014, accepted 21st September 2014

Abstract

Siemens is considered as one of the most trustworthy partner of China as it has a huge part in the development of the country, China. The company has set the position of more than 70 companies in China that are operating successfully in country. The basic purpose of this paper is to evaluate the marketing strategy of Siemens in China as the company has a great influence in Chinese market. The paper aims to discuss about the factors that are influencing the sales of the organization and the purchasing power of the customers in any environment. The mission of the company is to produce the products by keeping the “best to produce” fact in mind.

Keywords: Asian markets, china, technology, marketing, electronics, customers, products.

Introduction

Marketing strategy of a business is a strategy that combines the marketing objectives and marketing goals of an organization, all together. A good marketing strategy is based on marketing research and it should focus on the demands in the market. Marketing strategy is one important element of the marketing plan. Marketing strategies allow the organizations to use their resources in the marketing of a product. To achieve the marketing success, it is necessary for an organization to identify and understand the purchasing or buying behavior of the customer.

Siemens is one of the largest and innovative electrical engineering and electronics companies in the world. The company has a good reputation in market because of its innovative style and techniques. The head quarter of the company, Siemens is located in Munich and over 47000 employees are working in the organization. The employees are responsible to create unique ideas about the productivity of the products and provide them for customer services. The sales of the company are spread in over 190 countries and the company is successfully fulfilling the requirements of the customers and satisfying them with the creative and new technologies¹.

The company has a secured position in the market because of its innovation. The vice president of international business of Siemens, Ursula Boehm says that the company shares the market not only because of its innovation but product differentiation is also a challenge for companies. So far, the company is managing this challenge very well. The company has a good reputation in all the Asian markets because of the best technologies of China. The company made its name in

emerging markets like China, Brazil, and India etc. when it entered with an import and export of M1 products which are inclusive of high value products like trains etc².

Literature Review

In this literature review, we will state the evaluation of the marketing strategies of the Siemens in China. The organization made its name in the markets including Asian market by using appropriate strategies to enter in to the markets. The organization worked really hard to make a position in the market. It is the result of the strategies of the organization that the organization is capable of producing the products according to the choice of the organization³. The organization wants to attract the customers, it should design a strategic framework for the effective designing and conceptualization of the efforts used in production. The company has invested in many companies of the country that are playing an important role in the production of China and its development. The company is considering continuing its efforts to invest in the development of the country⁴. The company wants to extend the manufacturing of local products, software and hardware products.

Marketing Strategy of Siemens in China

Developing effective marketing strategies is very necessary for the organization. When the organization entered in to the emerging markets like Brazil and India it got the idea that this is a wakeup call for the organization to implement appropriate strategies to stay in these markets. M1 and M2 products are two important products related to import and export and the M1 products are the expensive products as compare to M2 products⁵. The Chinese market introduced a new market with

the name of M3 market. This market was about the innovative products and those products that were according to the choices of the customers and clients. The Chinese market was familiar with the market segments and they started producing such products that were affordable for the customers and clients. Siemens is a good example of adopting the specification of the cultures. This is the reason that the organization is running successfully in over 190 countries because it provides the products according to the culture of the country. The culture of the China is strongly influencing the organization as the culture of the China is about innovation and creation⁶.

The company, Siemens, entered in to the Chinese market with all its targets set. This is an effective strategy used by the company as when the objectives and targets of an organization are set, then the organization can easily achieve its objectives and it can attain a successful position in the market. It is not possible for any organization to be successful all at once. The companies need to work hard to make their position in the marketplaces. The company analyzed its efforts and techniques before entering in to the Chinese markets. The organization used this strategy and focused on its efforts to satisfy one segment of the customer. This particular segment was inclusive of the best consumers of the market. These consumers are served as the model of targeted buyers of the company.

After having a clear idea about the group of clients and customers the organization made a clear target of its objectives and goals. The company makes clear objectives about how to satisfy the demands and choices of the customers. The company used the procedure of contacting the promising customers of the organization. Whenever the company produces a new product, the company informs its promising customers and clients. This is an appropriate strategy to keep the customers happy. When a customer buys a product and discusses about the product with other people than the company's customers range also increases which help the organization to increase its outputs and sales. The annual revenue of the organization also increases. The company achieved a good revenue position by using this strategy⁷.

The company is using marketing strategy which is a long term marketing strategy and it is quite reliable and endured. The company can give best performance only when the organization will be able to set an appropriate space in the market. The company did not focus on the short-term strategy because some of the competitors of the organization used this strategy and they failed very badly. Moreover, the organization is well aware of the Chinese business structure so it found long term technique more suitable⁸. Siemens is leading in the gas power generation, rails, and advance manufacturing, health care and mechanical product, in China.

Company, Siemens used China as the base for applying the supply and distribution chain concept in Asia because China is

the located on the central position of the Asia. Supply and distribution are two main markets of China⁹.

Priorities for Success in China

The company has several priorities to be successful in the Chinese market. The company is using appropriate strategies and operations to align its priorities. The company is giving importance to its supply chain management, a process of the product management. This strategy is designed for the locally structures and marketing products¹⁰.

The company lets the Chinese market to manufacture high end products by using its high end products. Other than that the products should be extremely innovative and creative. The company wants to expand the production of these products, worldwide. The company is increasing its channels of sales and services. The company is an employer of choice as it is a related to a huge industrial society¹¹. The company has several priorities to be successful in the Chinese market. The company is using appropriate strategies and operations to align its priorities. The company is giving importance to its supply chain management, a process of the product management. This strategy is designed for the locally structures and marketing products¹².

External Factors

The productions and marketing strategy of the company is influences by several external factors. These external factors are the threats and opportunities available for the company. The company is seeking to evaluate the customers' demands and needs.

Opportunities: The company has several opportunities to increase its productions. The company has an opportunity of latest global trends and the increasing awareness in the current times in order to renew the energy. The company attained benefits from the opportunities available and built new platforms in China and other countries as well. The company is focusing on the pioneer project for building new offshore platforms. The company availed the opportunities and increased its sales and benefits since the acquisition of Danish and Turbine manufacturer. The company made its position and reputation effective in market because it produced and introduced new gearless direct drive wind generator which is suitable for harsh conditions and rural areas. The company increased its revenues and benefits by the production of new wind generator¹³. They say that most of the revenue of the company was gained by the production of new wind generator in the particular year.

Threats: The company is influenced by many external factors. On the other hand, the organization also influences several industries and countries because of these external factors. Due to increase in producers of the turbine generators the company

may face loss because of competition in the market. The new rivals of the organization are increasing every day. Another rival of the company, Vestas, is all set to produce new wind generators by the use of new technologies. The construction of wind farms in United States of America is also a threatening factor that will influence the revenue of the company. The company should use appropriate strategies and innovative production method so that the company does not face any sort of losses or cut downs¹⁴.

Internal Factors

Marketing decisions should be taken very seriously. Some of the organizations are very much possessive about the internal factors that influence the revenues and benefits of the organization. The company is influenced by a lot of influencing internal factors. The company lets the Chinese market to manufacture high end products by using its high end products. Other than that the products should be extremely innovative and creative. The company wants to expand the production of these products, worldwide. The company is increasing its channels of sales and services. The company is an employer of choice as it is related to a huge industrial society. The major factor is cost. This factor is further divided in to two parts which are fixed costs and variable costs. The company keeps all the prices in the mind when making an analysis of the cost of the product¹⁵.

Costs: Cost is a very influencing factor that plays an important role in the marketing of a product. The company keeps this factor in mind that cost is very necessary to be in balance. There are some costs that are fixed and the other costs are variable. Cost is an important factor as it is directly linked with the sales and production of the company.

Factors that influence Customer's buying behavior

The buying behavior of the customer is linked with many factors. These factors are influencing and they are sometimes helpful for the business organizations as well. Customer's behavior gets influences by many factors inclusive of environmental factors, cultural factors, psychological factors and marketing factors. Different organizations look for the motivation through which they can reach toward the customers. Many of the businesses use the strategy of influencing the customer by the layout of the shopping stores and the products availability¹⁶. The prices of the products and the advertisement of the product also influence the buying behavior of the customer.

Some of the influences make the customers buy the products, some of the influences make them buy extra products and some of the influences make them buy nothing. Below are explained four major influencing factors that affect the buying or purchasing of the customers. The purchasing decision of the customer's depends on the factors explained below. The choice about the purchasing of the product is influenced by the culture,

subculture, social class and membership of the groups, families and friends. If the organizations including Siemens understand the influence of these factors on the customers, they shall develop different marketing strategies and marketing campaign about the products of the companies. It is important for the organizations to understand the requirement of the customer and increase their sales by using making use of appropriate strategies¹⁷.

Cultural Factors

Cultural factors are those factors that influence the customers who belong to different cultures. An example of cultural factor is that a person would feel better if he is purchasing something from the culture he belongs to rather than the other culture. Cultural environment is linked with the social environment as well. The company, Siemens, entered in to the Chinese market with all its targets set. This is an effective strategy used by the company as when the objectives and targets of an organization are set, then the organization can easily achieve its objectives and it can attain a successful position in the market. It is not possible for any organization to be successful all at once. The companies need to work hard to make their position in the marketplaces. The company analyzed its efforts and techniques before entering in to the Chinese markets. The organization used this strategy and focused on its efforts to satisfy one segment of the customer¹⁸. This particular segment was inclusive of the best consumers of the market. These consumers are served as the model of targeted buyers of the company.

Culture and social environment: It becomes difficult to understand the cultures when it comes to understand the requirements and demands of every single person. A person will always be influenced by the members of his family, his friends or the social environment where he spends his most of the time. That particular person will learn all the social values from that influences and his behavior toward his culture as well. When it comes to Siemens it is necessary for the organization to understand the cultural and social environment factors that are inherent to every market and every situation so that the product adoption and marketing strategy become easy¹⁹. These factors play an important role in the perception or thinking of the customer regarding the products. Also, these factors are important to understand because the expectations of the customers are also linked with these factors.

Siemens is a good example of adopting the specification of the cultures. This is the reason that the organization is running successfully in over 190 countries because it provides the products according to the culture of the country. The culture of the China is strongly influencing the organization as the culture of the China is about innovation and creation.

Sub Cultures: A society is made up different cultures that influence the habits of the people living in it. People living in sub-cultures are those who are sharing same cultures and same

values. The company, Siemens is famous because it communicates with its customer by using different methods. The organization, sometimes produce particular products and sometimes it produces common products for a group of people²⁰. Consumers are affected by the products that have good marketing strategy and have good effect on the customer's choice.

Social Classes: Social class is a group of people that are more or less homogenous. These people are against each other regarding the statuses. When we talk about different social groups we discuss their individuality, their moral and ethical values and their life styles and their interests. People belonging from different social classes have different desires to purchase different sets of products. According to research, many of the social classes buy the product according to their product choice and their purchasing power. The consumers who are more concerned about the prices of the products belong to middle class and the consumers who do not bother about the price of the product belong to upper class. The company should produce products related to the customer's power of purchasing²¹.

Cultural Trends: Cultural trends are those trends which are followed by the customers when they are influenced by the comfort and the popularity of the products. The organization, Siemens should create and design a new cultural trend for its customers. This way, the sales of the organization will also be increased. The company should design its products in such a way that more of the people follow it. When a number of people will follow purchasing a product the more people will be attracted toward the products. For example, a new cultural trend is that most of the organizations have created their Facebook product pages. This is a strong marketing strategy being used by most of the organizations²².

Discussion

Decisions making about purchasing the products is influenced by the personal factors as well. These factors are very much influencing and they influence the customers and the companies both. It is important for the organization, Siemens to understand the influence of these factors over the customers so that the company manufacture products related to the demand and needs of the customers. Learning is an important factor that influences others through actions. Different companies can use the learning theories of marketing to implement these theories in the marketing strategies of the company. The company, Siemens, has a good marketing strategy in China. This is the reason that the company has a well reputed position in the Asian markets. Belief is something that makes a person to be confident about having something. People are influenced by the learning values from their families and friends. It is necessary for the organizations to understand the beliefs and attitudes of the customers so that they could produce important products.

These are the factors that influence the behavior and attitude of the customers very much. Psychological factors are inclusive of motivation, perception and learning of a person. This factor is further classified in to three divisions which are explained below". Motivation is a factor that influences the behavior of a customer more than anything. When the customer is motivated toward purchasing something, he will definitely purchase the products. Motivation is related to the needs and requirements of the customers. To raise the sales and production of the customer the companies should use appropriate strategies. The company Siemens should create a strategy to make the customer to buy the products from the company. It depends on the individuals that how they create perceptions about the performance and products of a company. The company, Siemens, has a good perception about the demands and requirements of the company.

Conclusion

In this article, we can sum up that the social factors are key factors that influence the behavior of the consumer very easily. Social factors are categorized in to three different groups of people. These groups are reference groups, family and social responsibilities and statuses. It is necessary for the organization, Siemens to understand the influence of these factors on the customers and clients. The company needs to make it influencing for the clients and customers to purchase and buy products. Social factors influence the marketing strategy of international organizations. Whenever the company produces a new product, the company informs its promising customers and clients. This is an appropriate strategy to keep the customers happy. When a customer buys a product and discusses about the product with other people than the company's customers range also increases which help the organization to increase its outputs and sales. The annual revenue of the organization also increases. The company achieved a good revenue position by using this strategy.

The company is using long term strategy that is very much affective. The company is using this strategy because it wants to expand its products and its plans. The company wants to work with the China so that it can enlarge its business and revenues. On the other hand, it will provide benefits to the China as well because the company is playing important role in the development of the Chinese society. The company is investing in more than 90 companies which are sharing their revenues with the company, Siemens. It is the result of the strategies of the organization that the organization is capable of producing the products according to the choice of the organization. If an organization wants to attract the customers, it should design a strategic framework for the effective designing and conceptualization of the efforts used in production. The company has invested in many companies of the country that are playing an important role in the production of China and its development. The company is considering continuing its efforts to invest in the development of the country. The company wants

to extend the manufacturing of local products, software and hardware products.

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