

Leadership as a new time marketing strategy

Irina Firsova

Corporate Finance and Corporate Management Department
 Financial University under the Government of the Russian Federation
 Leningradskiy Prospekt, 55, 125993 Moscow
 Russian Federation
 e-mail: ifirsova@fa.ru

Yulia Grusina

Management Department
 Financial University under the Government of the Russian Federation
 Leningradskiy Prospekt, 49, 125993 Moscow
 Russian Federation
 e-mail: ygruzina@list.ru

Svetlana Azarova

Management Department
 Financial University under the Government of the Russian Federation
 Leningradskiy Prospekt, 49, 125993 Moscow
 Russian Federation
 e-mail: sazarova@fa.ru

Abstract Business leaders occupy a large market share of a particular product and dominate there, compared to the competitors. To maintain its dominant positions, the leader should strive to expand the market as a whole and its segment, to find new consumers, and so on. A leader can be admired and respected, its policies can be criticized by the public and competitors, but somehow its dominant position in the market cannot be questioned.

Our paper considers the leading positions of successful companies in terms of the automotive industry. Successful marketing strategies lead to gaining leading positions in the industry. Leading companies were able to lead consumer communities using marketing tools. Our contribution is an overview of the leadership position of Japanese companies in the automotive industry. We have analyzed the competitive position of the companies as a key element in the formation of leadership for the consumer community and have given recommendations to Russian manufacturers.

1 Introduction

Nowadays, successful marketing management shows exactly the leadership in the consumer community. It becomes apparent that in order to become a leader of the consumer community, one need to lead this community using marketing tools (Kozinets 2002; Ajina 2019; or Smaliukienė and Monni 2019).

Leaders put energy into their work and bring a new sense of life to all members of the community (Sergiovanni 1984). Leaders build the culture of the consumer community, create rituals to determine the belonging to the community group (Moskalenko and Yevsieieva 2015). Potential consumers expect that a manufacturer claiming leadership in their community will not only inform them, but also entertain, inspire and even give them a sense of particular meaning in life. To maintain consumers' confidence, one need feedback, meetings and communication in real or virtual life (Strielkowski et al. 2017). It is necessary to set priorities, lead consumers and develop marketing strategies, focusing on the needs of the community (Chiabai et al. 2014; Jankelová et al. 2017).

Our paper presents an overview of the leadership position of Japanese companies in the automotive industry. We have analyzed the companies' competitive positions as a key element in formation of leadership for the consumer community. For example, trends in the development of the global automotive industry show that the development of this industry leads to a serious multiplier effect in the development of related sectors of the economy, as well as to a stable growth of employment of the economically active population, both directly related to the automobile production and maintenance of road transport.

According to foreign experts (see e.g. Nissan 2015; Toyota 2017; or KPMG 2018), the growing economic role of developing countries in the coming years will stimulate the world market growth, where car manufacturers are seeking to use modular, flexible platforms to adapt to the preferences of the consumer community.

International economists Amasaka (2007), Kotabe (2011), Kozaki and Ayako (2012) and Thomas (2014) notice serious changes in the international strategies under the influence of the latest factors of development of the world economy. Therefore, Filonova (2017) rightly argues that traditional markets, which include the US, Japan and the EU, are characterized by overproduction and saturation, which requires a variety and high quality of the offers, not just a large number of identical cars.

Tough competition, and often unfavourable market conditions are forcing car manufacturers to resort to maximum savings through the increase in the number of standard models (the so-called niche offerings) and expanding markets.

A key feature of the development of the global automotive industry, as noted by Sitov (2013), is the expansion of international sales networks of the leading automotive TNCs to unsaturated markets. The nature of international competition in this market is multilevel.

In our opinion, nowadays, successful marketing management shows exactly the leadership in the consumer community. It makes sense to ensure that the consumers associate themselves with a particular brand, which gives them a sense of belonging to a certain group, involvement in a common idea. In this case, it is not the product that is sold, but the essence, the global idea, the concept personified by the trademark. The prospects here mean the leadership in the market, as members of the consumer community are in contact with each other and with potential consumers as well.

2 Leadership in the global market

A leading position in the world market is determined by the main trends and features of this market. Leadership can be viewed in terms of a single company in the industry, and in terms of the industry as a whole. The key factors in assessing an organization's leadership position are competitive advantages in various fields of activity, such as: economic, organizational, technical and information activity. The global market specifies its overall export potential, quality and volume of the raw materials base, innovative potential (Yakokka et al. 2002).

Let us consider the factors of the leadership positions strategies in the industry: technological, production, marketing and organizational ones. One of the most important factors of an organization's leadership is the level of its innovative development associated with the degree of innovation (Stoian 2018). For example, entering the market for new car models is always associated with the latest R&D or specialized marketing tools. The main advantage in the car market is the production model used by the organization. For example, the organization of automobile enterprises in Japan has allowed to achieve not only the growth of production volumes while maintaining a high level of product quality, but also to intensify the processes of introduction and to distribute the innovations in the automotive industry. One of the leading concepts that has become widespread in the world is the concept of "single platforms", consisting of simultaneous production of several types of products with the usage of a common technical base, the advantage of which is to reduce unit costs (Amasaka 2007).

In order to maintain a leadership position in the market, it is necessary to create a product that would at the same time satisfy the consumers' needs to the maximum. In this way, we can distinguish different methods of interaction with the consumer, the first is aimed at reducing the cost relative to the competitors' price or the previous price, the second is aimed at increasing the value of the goods in the consumers' eyes. As can be seen from table 1, China's position in the automotive industry will be significantly strengthened in the foreseeable future.

Table 1. Analysis and forecast concerning the leaders in production of passenger cars in 2000-2020

Country Production volume, mln. pcs.								
Year	USA	Japan	Germany	Italy	PRC	Canada	Russia	France
2000	17.4	5.8	3.6	2.7	1.8	1.5	1.4	1.1
2005	17.0	5.7	3.5	2.5	17.2	1.6	1.9	2.0
2010	11.6	4.9	3.1	2.1	17.2	1.6	1.9	2.1
2015	15.8	4.7	3.2	4.1	24.3	1.7	3.8	2.3
2020	17.4	4.4	3.4	2.5	34.7	1.8	4.2	2.6

Source: KPMG (2018)

The table above ranks the leaders in the production of passenger cars in 2000-2020, where it is clear that the market is monopolized, for example, the 9 largest organizations account for 69.8% of global car production.

Let us consider the modern forms of introduction of leader organizations into the regional markets by the example of Japanese companies. Experts argue, firstly, that the reason for the success of Japanese organizations'

leadership in the regional markets was the use of "post-Fordism" concept, which is based on the effective use of labor and material resources with simultaneous growth in quality and diversification of the product line of automotive products (Filonova 2017). Second, a flexible system of production organization allows using the equipment, on the basis of which the previous car model was assembled, for production of new models, i.e. transfer of functions and processes from one model to another (the so-called 'carry over' system) is provided (Filonova 2017). Third, the growth of product quality is used and the organization of labor, built on big responsibility, independence and versatility of each employee (Filonova 2017).

If we talk about the use of economic and geographical position, here we can see, first, the regions investment attractiveness, for example, the US government has provided large subsidies for construction of TNC Nissan (in the amount of \$ 17 million) and Toyota assembly plants (about \$ 85 million) (Annual Report 2017; Nissan 2015). Second, an increase in economic development of the surrounding areas, taking into account the interests of depressed regions of the United States, where the emergence of new Japanese assembly plants contributed to additional employment of the population and, accordingly, to reduction of unemployment level. The leadership marketing strategy in this case was the formation of an external ring for production of automotive components assembled around the automotive agglomeration of Priozerie, as well as a high level of concentration of aggregate production in the lake district itself (for example, in the States of Illinois, Indiana and Ohio, there are 17, 26 and 49 such plants, respectively) (Kozaki 2012).

It is also important to develop a well-functioning infrastructure and business environment, the importance of which in "post-Fordism" conditions has increased with the growth of the role of information in the automotive business. In this case, the atmosphere of the industry means the formation of a common information field in which there are automotive organizations competing with each other, with a view to a clearer orientation in a very volatile situation of the world car market. The formation of the business atmosphere has an impact on the territorial factors and the structure of the production location. Plants are trying to be located closer to each other forming a kind of complex production system, which is united by a single goal: maximum profit and effectiveness for automotive TNCs to meet changing market demands. The atmosphere created within such territorial combinations and alliances allows one to quickly react to changing policy of competitors in the market. Competitive proximity encourages and motivates TNCs to make continuous progress in the organization of production and the use of new technologies.

3 Leadership experience of Japanese companies in the Russian automotive market

At present, the Russia national automobile industry is stagnating because it has problems of low productivity, low level of production culture and

low top management's interest in effective financial and marketing policy. The concept of leadership as a marketing strategy of the new time is absent at all, since the production of cars is focused mainly on the domestic market. Russia's major part of the cars is imported car models. The share of foreign cars in the Russian market continues to increase.

A characteristic feature of the Russian automotive market is expressed in the variety of brands on the market, as well as tough competition there. Recently, the number of foreign organizations investing in the production of new cars in our country has been growing. Table 2 presents foreign organizations engaged in the production of cars in Russia.

Table 2. Foreign organizations engaged in the production of cars in Russia

Enterprise	Models	Volume of production (thousand units)
Avtotor	KIA, BMW, GM, Chery	107.3
Ford	Ford Focus	68.18
Avtoframos	Renault	69.2
TagAZ	Hyundai	71.1
GM— AVTOVAZ	Russian brands	55.1
IzhAvto	KIA	49.5
SOLLERS	SsangYong, Fiat	21.7
GM	Opel, Chevrolet	100.6
AMU	Geely	3.5
Derveys	Chinese brands	1.8

Source: PwC (2017)

Attraction to the Russian market of major automobile companies, such as: Toyota, General Motors, Volkswagen and others—provides new opportunities in the development of the industry. As can be seen from Table 2 above, the peculiarity of the Russian market is expressed in the presence of a large number of foreign entities which are characterized by a low initial level of projected production. Russia is a promising market for many of the world's major car manufacturers, because the markets of developed countries have already been saturated, and the attention of leading entities in the automotive industry is moving to free unsaturated markets. Figure 1 shows the sales in major markets in 2017.

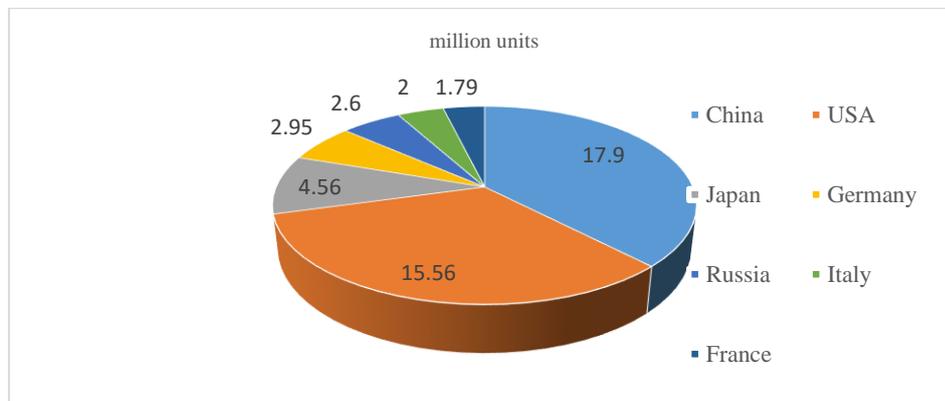


Fig. 1. Sales in major markets in 2017
Source: PwC (2017)

Russia and Japan have a mutual interest in expanding cooperation in the automotive industry, but the potential of this cooperation has not been implemented to a large extent. Currently, there is a high concentration of investments in Russia's sectoral and regional economy. The importance of Japanese investments for the economy of our country is very important. The motivation of Japanese companies to access the Russian markets in the future will be based on access to market areas.

Considering the leadership strategies of entities in Japan, we can note the following: inventory management strategy, human resources management strategy, quality management strategy, strategy to create a product value for a consumer. Let us consider them in some context.

Strategy of managing inventories, procurements and material flows within modernization of production systems in the Japanese automotive industry decreases stocks based on outsourcing and procurement of materials and commodities depending on needs. This strategy increases the number of suppliers and reduces the number of supply batches, as well as makes supply schedule more tight (*For comparison:* the average interval between deliveries is 6 hours, which is 6 times more often than the Russian level; an average Japanese car manufacturer has 80 suppliers, while Russia has only 32).

The strategy of industry human resources management and equipment maintenance is based on the expanding specialization of employees and their direct involvement in the decision-making process. (For example, training workers to eliminate specific problems, the introduction of methods for rapid equipment changeover, and visualization of the workplace. These approaches lead to a significant increase in productivity).

The quality management strategy is based on the use of visual quality control and automatic control preventing errors and involving employees in the quality management process and identifying the causes of defects.

It is also necessary to strengthen own market niches and use the latest developments in the production and business management, to increase the volume of R&D, to develop marketing positioning. In particular, the strategic directions of developing the leading positions of the Russian automotive industry include:

- modernization of the existing model range;
- creation of new brands of cars for the third world markets and movement towards to foreign markets;
- cooperation with the major foreign companies in the creation of new assembly plants.

Surely, most of the Russian brands will not be able to lead developed foreign markets in the short term. Therefore, the strategic goal should be to strengthen leadership positions on the domestic market and prepare for the subsequent expansion abroad.

4 Conclusions

Overall, we believe that in order to increase the leading positions of Russian organizations in automotive industry based on Japanese experience, it is necessary to develop research and development infrastructure for the creation of new models of cars and new automotive components and innovation-based modernization of production.

The problem of non-competitiveness of the Russian automotive industry is the growing share of foreign brands in the domestic demand. Also, due to the limited export potential of domestic products, the domestic market remains the only strategic direction for it. Therefore, as a part of developing leadership positions, Russian manufacturers need to use the latest developments in the production and business management, increase the volume of R&D, and improve marketing positioning. The use of Japanese experience is necessary in terms of the early transition to lean production.

Therefore, we assume that in order to improve the competitiveness of the Russian automotive industry based on the Japanese experience, it is necessary to solve the following problems:

- innovation-based modernization of production;
- transition of the Russian automotive enterprises to end-to-end design;
- improvement of the research infrastructure to create new models and automotive components;
- development of the system of specialized training of engineering personnel using Russian and foreign standards, including:
 - movement towards foreign markets and cooperation by strengthening collaboration with major developing countries in the automotive industry in the creation of new car brands for third world markets.
 - development of service and dealer network of manufacturers and points for control of technical condition of vehicles and others .

Our results and recommendations might help to solve the leadership issues of the automobile industry in Russia providing its leading business managers with useful hints and insights about increasing the effectiveness in steering large companies.

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