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How to precisely evaluate company's positioning in the Chinese market without wasting bucks on market research

The Chinese automotive market is becoming increasingly difficult to manage for Western OEMs as they find themselves having to adapt to rapidly changing customer requirements while confronting a growing number of new competitors from fields as diverse as retail or tech. In a country where brand loyalty has always been low and where the customer interface is now controlled largely by vertically integrated retail and tech companies from different fields, Western OEMs know virtually nothing about how their brands and products are perceived by Chinese customers. And what little they do know is so quickly out-of-date as to be virtually irrelevant.

OEMs usually respond to this challenge with extensive customer surveys designed to present a stable external view of the customer landscape. However, based on our own experience, such approaches frequently have three critical flaws: They set too narrow methodological parameters. They also lack the required speed to enable the kind of responsiveness Chinese customers demand. Most importantly, they fail to provide consistent feedback on OEMs' own internal shortcomings and weaknesses that often constitute the root cause of poor retail performance.

We believe that true, testable links between symptoms and root causes can only be established if data and observations from various sources are weighed against each other, i.e. by combining internal view with external data. Action-guiding recommendations should be as robust as possible.

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Measures should tackle both symptoms and root causes. For that, any investigation must identify problem areas from various sources and different angles.

Introducing the 360° analysis rapid deployment suite.

Instead of using extensive market research and customer clinics that are time-consuming and often only yield distorted and incomplete results, a “360° analysis rapid deployment” is quick to use and provides results efficiently. It comprises three elements: Customer, Management and Partners. The elements are backed up analytically by big data customer sentiments analyses, internal stakeholder interviews and interviews with retail and investors respectively.



For the big data customer sentiments analyses we collect data from online verticals such as Autohome, Pacific Car, XCar, ifeng, Tencent Auto and others. These websites host forums dedicated to product discussions and complaints about 4S dealership visits. Among other things, they invite customers to share their views on specific brands and give owners the option to rate their vehicles. Using data mining and natural language processing techniques, pertinent customer insights on brand, product portfolio and retail performance can thus be gathered in a matter of days. Depending on the brand and the number source websites used, the sample size can easily go into the millions, meaning the result are both accurate and up to date.

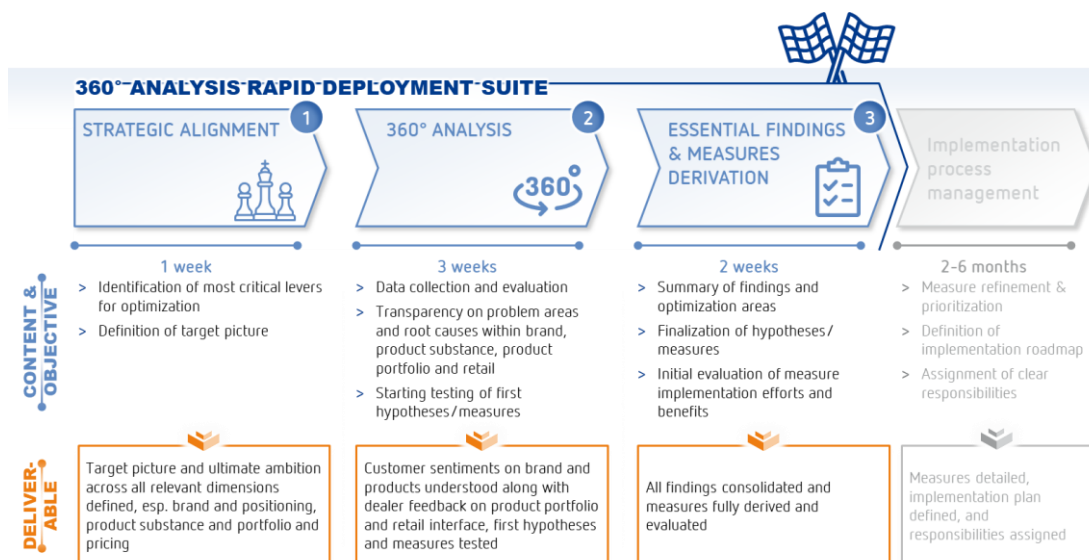
The collected data is compared with the outcomes from internal stakeholder interviews and retail and investor interviews. Not only do these sources provide additional insights (such as inputs on competitor performance), they also furnish leads to identify potential root causes underlying the sentiments observed online.

They also help close a gap in the sentiment analysis itself: Online discussions in China tend to be skewed toward product and quality issues. Brand-related sentiments, by contrast, are expressed only in very simplistic terms that do not allow for detailed analysis. Furthermore, customer complaints relate mostly to dealer personnel attitude, the quality of services performed, and the efficiency of dealers’ customer handling. What customers don’t see – and therefore cannot comment on – are behind-the-scenes issues such as a lack of training, high fluctuation rate and high volume pressure in retail. As a result, the material factors driving what customers observe can only be identified by relating customer sentiments to retail managers’ and investors’ feedback.

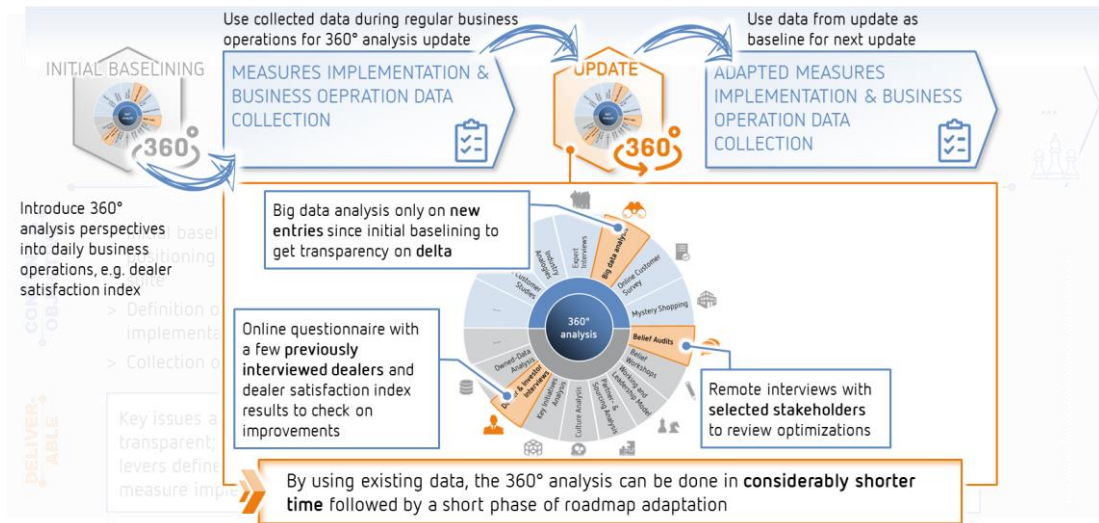
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The same applies to identifying potential for future initiatives. Verticals are the realm of complaints and praise after the fact. As such they only provide input on the current state. Retailers, investors and internal stakeholders on the other hand can offer forward-looking perspectives related to specific courses of action, strategic gaps or initiatives.

In our experience, this approach can yield actionable data on an organization's key issues and/or obstacles in the way of its future development within 2 to 3 weeks. With the key issues identified, concrete measures can be defined and evaluated quickly, and an action plan can be devised. In our experience, this too usually only takes 2 weeks. In other words, in less than 5 weeks this approach can yield both the insight and the tangible actions to affect the kind of change that is needed to stay afloat in China's fast-passed consumer environment.



Beyond this initial baselining exercise, we recommend doing a 360° analysis regularly (e.g. every 6 months) as a refresh. From a big data point of view, all that needs to be done is update the sentiment analysis beyond the timestamp of the initial analysis. Feedback from internal stakeholders, retail partners and investors on measure effectiveness and potential further improvements can likewise be gathered quite easily. By thus regularly reviewing and updating strategic initiative the OEM is able to become more responsive and adaptable to changing customer needs and latest market developments.



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Berylls Strategy Advisors is a top management consulting firm specialized in the automotive industry, with offices in Munich and Berlin, in China, in Great Britain, in South Korea, in Switzerland and in the USA. Its strategy advisors and associated expert network collaborate with automotive manufacturers, automotive suppliers, engineering services providers, outfitters, and investors to find answers to the automotive industry's key challenges. The main focus is on innovation strategies and growth strategies, support for mergers & acquisitions, organizational development and transformation, and profit improvement measures across the entire value chain.

In addition, together with our clients, experts at Berylls Digital Ventures develop solutions for digitizing and transforming the business models of OEMs, suppliers, and engineering services providers. Longstanding experience, well-founded knowledge, innovative solutions, as well as an entrepreneurial mindset distinguish Berylls Equity Partners provides automotive industry companies with know-how and entrepreneurial capital. Strong anchor investors provide financial support for companies at all stages of the value chain in special situations. Berylls's consulting teams are characterized by many years of experience, profound knowledge as well as innovative solution competence and entrepreneurial thinking. Through partnerships with experts, Berylls can draw on in-depth technology expertise, a comprehensive understanding of the market, and powerful networks in order to develop workable solutions.

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