

The new beetle harvard

Business



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Why would positioning the New Beetle be considered Mission Impossible? Volkswagen (VOW) started their business in the US in 1949 with the very successful Type 1 or as it was known, Beetle. In the 1970s, due to several reasons from legislation to Japanese competition, VW had to stop its production.

In 1994, began the idea of re-launching the once brand's icon.

But this time, the New Beetle was envisioned at first as “the GU of the new millennium”, aligning the tradition and nostalgia of the past with the new technological advances and design trends of the present and also matching the consumer's needs. All this under 4 main values: Honesty, Simplicity, Reliability and Originality. Also, it would have the goal of constituting > 25% of VW's selling goal. This showed to be a big challenge for the marketing team. Marketing Research analysis had identified VW's a new kind of consumer set.

Young, Fenton and educated individuals but also adventurous and thrill seekers who liked to have a more active role in driving, among 2 others. Supported by this information, VOW created the “Drivers Wanted”, a value proposition of German quality allied to the dynamic and fun driving at affordable prices with the objective of targeting this young consumer and ultimately rebuild the brand equity and a sales boost, a “new generation of drivers”. Contrarily, the New Beetle revealed some ambiguity.

On one hand there was the segment of Baby Boomers, 3 attracted by the heritage, tradition and emotional connection they had to the Beetle, being the natural segment to target but inconsistent with the adopted corporate

strategy. On the other and there was the potential customer revealed by marketing research and in line with corporate strategy, the so called Generation X, ass's-born consumer who wanted differentiation, self-expression (" the car defines them"), originality, individuality and to be the center of attention and who loved driving, design and German engineering.

Having Identified this ambiguity, how would the marketing team position the New Beetle? Would It be as a revival of the Old Beetle, focusing on heritage and emotions it brought but bringing the concern of the perceived image of toy CAE due to its past petition as people's car or would it be positioned as a real, drivable car focusing on durability, uniqueness and in line with the strategy of approach, invitation and drive 4 experience . Moreover, should they include it in the " Drivers Wanted" campaign?

Some defended that New Beetle was aligned with the campaign's value proposition, others were of the opinion it should be positioned on a different campaign, leveraging on tradition and past it had with the Old Beetle. There was also the issue of the possible centralization of Pasta, which was released a few months before. Concerning price, It was set at \$15,200 in the small-size category, which ranged between \$11,000 and \$18,000, putting It at the high-end.

This was an Issue because It would bring a broader competitive set (customers could consider the upper categories, where was Golf), and was Inconsistent with the Image of affordability.

Also, setting a price too low would send the message of low quality and also lead to there was also a decision to be made about media. With only 25% of
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competitor's resources, they had to infer about whether they would want a broader or a more visualized communications (TV or specialized magazines and newspapers) and which media to choose, bearing in mind the trade-off between cost and the indexes of cryptographic behavior.

Demographic characteristics Cryptographic characteristics 3 Most of them had their Old Beetle like “ part of the family’, connecting him to special moments of their lives (marriage, youth, etc.) 4 This was a clear statement of what wanted to be and didn't wanted to be, clearly differentiating the from more exclusionary brands like BMW or Mercedes-Benz or the Japanese who provided a cheap and fast but motionless means of transport. 2

Concluding, it was a Mission Impossible because there were several different dimensions needed to combine while the car was an opportunity to bring back a brand's icon, boosting sales in US market.

Nevertheless, those decisions needed to be adjusted, since it was “ a very different setting, with a very different audience and in a very different time”.

2. What are the pros and cons of each positioning options? As seen, marketing team had two segments to target and limited resources to do so. They were the Generation X (men and women between 18 and 34 years old, well educated and dynamic) and the Baby Boomers (men and women born between 1946 and 1964, well educated and with an income above average).

Each one of these segments had its advantages and disadvantages, namely: Generation X Advantages – Trend towards uniqueness, self-expression, originality and challenges. Consistent with corporate strategy and “ Drivers Wanted” campaign, allowing money savings in advertisement – As a younger

generation, potential CLC was higher due to longer loyalty throughout life – Creation of a new generation of Wv” s drivers – Improvement f Wv’ image, turning the toy car’ and ‘ people’s car’ into the ‘ personal car’ where people wanted to be seen in.

Disadvantages – Lower purchase power than Baby Boomers, thus more price sensitive – Tastes and trends easily changeable with time – Could not leverage on emotional attachment/ tradition Baby Boomers Advantages – Emotional attachment/ tradition, that would save money (because the message and concept were already in the target’s minds) – Higher purchasing power, that would lead to dealer satisfaction with higher prices and crisscrossing – Loyalty and connection to the brand In my opinion, and considering all f each segment’s advantages and disadvantages the segment in which the focus should be in is the Generation X consumers.

I base my opinion on the fact that although Baby Boomers constitute a good potential segment with some well-based arguments, they only have one great selling point, there is insufficient reliability of the argument that emotion attachment would effectively lead to real sales and not just a temporary boost due to fanfare and have limited growth opportunities because efforts, are in line with corporate strategy and provide potential to growth with more future sales in other life stages.

Moreover, the strength of the corporate strategy positioning as in this decision, besides the advertisement budget savings (as we would use the “ Drivers Wanted” campaign), this sends a message of unification between product and marketing corporate strategy, avoiding consumer confusion

between product marketing and brand positioning. Disadvantages -
Preferences on bigger/ family vehicles (egg. SUB) – High prices could lead to
incoherence with affordability image and consumer defection to more
expensive cars in the upper segment – Against corporate strategy of
targeting a younger consumer