

Smart car marketing plan

Business



What seems to be the trend in today's market and what some are already practicing is the "green" life style. There is a need to create a product that can adhere to this lifestyle in a way that helps the planet, can be done safely and in style, with effortless routine, while clearly stating that you are contributing to the "green" way of life.

Environmentalism, which is associated with the color green, is a broad philosophy and social movement which is centered on a concern for the conservation and improvement of the environment (Wikipedia, 2009). This movement is the driving force behind the Smartfortwo. The United States became the 37th country to sell the Smartfortwo on January 16, 2008, when the first delivery was made to a U. S. customer: The affordable and stylish Smartfortwo is the right car at the right time for America (Mission Statement).

With high and potentially rising fuel prices, increased congestion, and the increasing "green" mentality of consumers, the Smartfortwo makes for the ideal vehicle choice. Being the smallest and shortest car in the United States, the Smartfortwo offers great comfort, agility, safety, and ecology with unique features and attributes that bring the Smartfortwo car into a new day and age while still being a fun car to be proud of driving (Kettenbeil, 2008).

Product Description Penske Automotive is the main distributor of the Smartfortwo where there are three different Smartfortwo models to select from with varying upgrades.

The Base pure model starts at \$11, 990 and comes standard with convenience features such as a 5-speed automated manual transmission

with manual or automatic mode, central remote locking system, 2-spoke leather steering wheel, and more (Kettenbeil, 2008). The Passion Coupe starts at \$13, 990 and is value packed, sporty and well-equipped.

The Passion Coupe includes a panorama roof, alloy wheels, air conditioning with climate control, a three spoke leather sporty steering wheel with shift paddles, power windows, electric and heated side mirrors, and an AM/FM radio with CD player (Kettenbeil, 2008).

The Passion Cabriolet starts at \$16, 990 and in addition to the Passion Coupe, it includes an upgraded radio and sound system that includes an mp3 compatible in-dash 6-disk CD changer. The main difference lies in the soft top, with a heated rear glass window, that is fully automatic and can be infinitely adjusted to any position while driving at any speed (Kettenbeil, 2008). The Smartfortwo is one of the most economical cars on the U. S. roads today.

It is ranked as the most fuel efficient, all gas powered vehicles by fueleconomy. ov, and fifth overall behind four hybrid models. The vehicle achieves an average of 33 to 41 miles to the gallon (city/highway) according to 2009 EPA ratings (Kettenbeil, 2008). Situation (SWOT) Analysis Table 1 highlights trends in automotive industry as it applies to the Smartfortwo, analyzes the competitors for the Smartfortwo, shows a brief assessment of the Smartfortwo internally and externally, and introduces present and prospective customers: Table 1 SWOT Analysis Location of Factor| Type of Factor| | Favorable| Unfavorable|

Internal| Strengths * Well known amongst US consumers * The first in its class to produce a highly economic and eco-friendly automobile * Attracts those seeking a more “ green” option in transportation * Attracts those seeking a more urban chic and stylish automobile because of its European introduction| Weaknesses * There may be additional costs associated with the Smart USA Company’s adherence to an eco-friendly product which may hurt incoming revenues * Rapid increase in sales and in profits * Need for additional labor, management, and customer service employees *

Competitive pricing makes it easy for other dealer entering the market|

External| Opportunities * Growing demand for more fuel efficient and ecologically friendly automobiles * Increasing demand of more stylish yet affordable automobile models * Successful introduction to US consumers both for empty-nesters and the younger more environmentally conscious|

Threats * Consumers may be concerned with only having the Standard Transmission option and added costs for upgrades * Competes with other leading dealers such as Ford Motor and Dodge * Economic downturns increase the risk for Smart USA and Penske Automotives chance in US market where there are higher unemployment rates|

As Table 1 shows, in today’s market, the idea of an inexpensive, fuel efficient and urban chic car is extremely appealing. There may, however, be some costs associated with the popularity of the Smartfortwo: The competition is catching onto the theme and introducing like models; there may be added costs for hiring more management, staff and laborers; and introducing the car in a market where the unemployment rate is higher than other areas in the region. By evaluating the current target market and then focusing on the <https://assignbuster.com/smart-car-marketing-plan/>

lower-income families and marketing to that niche, Smart USA and Penske may stabilize or continue to see an increase in sales and profit.

Current Target Market Women and city dwellers are among the top target markets for the Smart car.

Additionally, trendsetters, and the environmentally conscious and safety conscious are also targeted. Women and trendsetters are targeted mostly because of the style and background of the car. Many are quoted as saying, " It is adorable and turns heads. " The Smart car, being first introduced in Europe, gives the car quite a bit of appeal among these two groups because of its individuality and because these two groups are usually looking to give people something to talk about (Smartusa. com, 2009).

Environmentally conscience people are into this car because of the low fuel admissions. It receives 33 mpg in the city and about 40 mpg on the highway.

With an 8. 7 gallon tank, one could get up to 350 mile on a full tank of gas, more than many of the car's counterparts that are currently being driven by consumers (Smartusa. com, 2009). In today's world with everyone going " green" and trying to preserve our planet, these reasons alone would be enough to appeal to this market.

Although some consumers have questions about safety due to the car's diminutive size, it has not proved much of an issue for this area of the target market. The car's frame is made of high-strength steel that absorbs the energy of the impact. Daimler tested the Smart car by crashing it headlong into a Mercedes-Benz S-Class.

The test dummies did not remain unscathed but did emerge without any evidence of catastrophic injuries, effectively squashing the questions consumers had on safety and appealing to this market. This conclusion on its safety carried over into the city dweller market by also showing that the Smart car makes it easy for the driver to navigate through crowded city streets and also takes up less room when parking, thus, making it ideal for safe city driving (Smartusa. com, 2009).

Additional Target Markets This vehicle needs to be marketed to people on a fixed or low income such as the elderly and disabled. An emphasis on price needs to be promoted in the advertising of this innovative vehicle because the people in this market need a vehicle that is easy to handle and doesn't cost as much as its larger counterparts.

Its safety would appeal to this market as well. Another market should be parents and college students. There are some parents who buy their child their first car.

The Smart car would be great for them because it emphasizes social responsibility, safety, and it is at a price that parents can afford. Because of the Smart car's fuel efficiency, the higher gas prices would not have as much of an effect on those parents who shell out money for gas. College students should be marketed because of price, size, social responsibility and trend setting abilities. Another point to draw parents and students to the Smart car would be the personalization options.

Parents can save money and make their children happy all at the same time.

Competitors The Smart car has by far reached an all time high in sales and has towered over all new cars in this market.

This new eco-friendly car is small, durable, and cheap as spoken by numerous purchasers and test drivers. The Smart car was designed to be eco friendly and to lower air pollution rates. The three main reasons consumers have decided to buy these cars are that they are eco friendly, have a generally low cost, and are mindful of current gas prices. The Competition is trying to stay valued and comparable with the Smart car, but with such an eco-friendly car it is difficult to accomplish such a lofty task.

Many companies such as Ford and Dodge have come out with similar models that are, like Smart cars, eco friendly, which means they have extremely low air pollution emissions and they get around forty to fifty miles per gallon. However, the Smart car is at the top of the list, getting on average 60 miles per gallon.

Weighing in at just over 1, 500 pounds, the Smartfortwo — as in, the car is for two people — is about 8 feet long and less than 5 feet wide. That means the micro-car is merely a few inches longer than a Hummer is wide (Giusti, 2009). “ Five years later, the brand has accomplished a lot. It has become the ‘ it’ vehicle in Paris and London,” says Knittel. It is becoming more than just a functional mode of transportation.

” Smart hopes the micro-car will become as much an accessory for the fashionable urbanite as it is an [ecological] vehicle. The Smartfortwo, for example, resembles a colorful coconut on wheels and comes equipped with “
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swappable" side panels so that the consumer can drive a different color car every day. " Priced below \$20, 000, Smart is targeting buyers who want to have fun with the car they drive", Knittel says (Giusti, 2009). Many companies are also trying to design cars that are just as small as the Smart car, but have room for a family of four. This is one concern that many people have with the Smart car, in that it only seats two.

Ford has come out with the new Hybrid Escape to help eliminate this problem. The Escape is not getting quite the gas mileage as the Smart car, but there is room for five adults. There is also room to haul luggage and even a spare tire, which the Smart car lacks (Giusti, 2009). There is substantial competition in the pricing of these types of cars. The price of a Smart car is around \$10, 000 for a stock car.

This doesn't include all the high technology options that the car could possess. This is much lower than all the hybrid cars that are coming out, which start at around \$18, 000. The competition is lowering their prices, however, to stabilize the United States' current economic downturn.

They are doing this to stay afloat themselves, because if consumers refuse to buy then they will not see a profit and, in essence, will continue to see a decrease in revenue (Giusti, 2009). Looking at the positive sides of the Smart car, they are eco friendly, priced low, and get outstanding miles per gallon. The competition is trying to meet some of these goals, but the Smart car keeps beating them out.

Penske Automotive Five Year Budget History Penske automotive is, through Smart Distributor USA, LLC, a wholly-owned subsidiary, the exclusive
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distributor of the Smartfortwo vehicle in the U. S. and Puerto Rico. The Smartfortwo is manufactured by Mercedes-Benz Cars and is a Daimler brand.

Smart USA has certified a network of 75 smart dealerships in 35 states, of which eight are owned and operated by Penske Automotive.

Smart USA wholesaled approximately 27, 000 smart for two vehicles in 2008 (Penskeautomotive. com, 2009). Appendix A shows the financial and budget history for Penske over the past five years. According to Penske's financial report, total revenues and gross profit are up about 30 percent since 2004. This can be mainly attributed to the increase in sales of the Smartfortwo. It can be inferred that this increase is a direct result of the current economic hardship in the US and the rapidly growing approach to environmentalism.

Because of this increase in profit, Penske Automotive will need to make few if any cuts in the budget. Profitability

To maximize and/or sustain profitability with the Smartfortwo, Smart USA and Penske as well should focus on Product, Price, Promotion, and Placement strategies when entering the lower to moderate income market. This mix of activities will help the companies form sales forecasts and budgets that can be submitted to the upper level corporate management: Product Strategy Offering the Smartfortwo basic model with more standard amenities such as air-conditioning, radio, and power steering will help appeal to the target market of lower income families by reducing the number of features that would most likely be added anyway by the consumer resulting in additional costs.

This addition may be counter-balanced by a slight increase in price. Price Strategy Even though adding the extra features as standard will increase the price of the model, the Smartfortwo may be manufactured to where it reduces the amount of labor and parts costs associated with the addition. As an immediate result of entering a low to moderate income market, the price will not be as relevant as financing.

Since credit scores are generally lower in this target market, introducing a 90% application approval system will assure that those interested in the Smartfortwo can obtain one. Promotion Strategy Local television ads are a great way to communicate within the target market.

A more cost sensitive approach, however, would be to communicate via radio remotes at local Smart Car dealerships, newspaper ads, car shows, and internet websites that appeal to that demographic. Placement (Distribution) Strategy Searching out areas that are frequented by the those in the target market range such as discount stores and retailers, and positioning the dealerships in that vicinity will give the consumers a much more convenient way to exercise their buying power and satisfy their craving for the Smartfortwo. Conclusion If Smart USA and Penske continue to be an environmentally responsible and aware company, then it will do nothing more than see an increase in profitability.