

An automotive company

Business



An automotive company is planning to phase out its large yet profitable SUV line of automobiles and instead focus on smaller fuel-efficient cars as its marketing strategy.

This particular marketing idea proposed by the company is accompanied by several cons and pros from both financial and non-financial perspectives as will be discussed in this paper. Pros of the Marketing Strategy The marketing strategy will give the company the much needed latitude to incorporate the latest of technologies into the production of cheap and cost effective cars in its quest to cut down on the costs of producing and maintaining SUV line of automobiles. The use of cheaper synthetic materials in the making of body parts and other combustible components of the engine will not only increase the efficiency of the new cars but will reduce the costs significantly. Upon implementation of this marketing strategy, the new generation of fuel-efficient cars will be sold at much lower prices compared to the current models of SUV automobiles. Given the fuel guzzling nature of the SUV line of automobiles and the ongoing flaring rates of inflation that has led to a sharp increase in the pump prices of fuel, this marketing strategy has come in handy to the rescue of he automobile users during hard economic times.

The new models of smaller and more fuel-efficient cars will definitely take up the larger share of the world automobile market- a phenomenon which will lead to an increase in the volume of sales by the new products of the automobile company. The marketing strategy also is compliant to the environmental safety and protection policies, dubbed as green policies, which are formulated by most of the leading world governments to regulate the amount of carbon emission into the atmosphere. The demand for the

new models of more fuel-efficient cars will increase considerably in all countries whose governments and consumer regulatory authorities have developed stringent environmental policies and laws as a means of controlling air pollution. Cons of the Marketing Strategy The company's proposed plan to shift from its current assembly of profitable SUV line of automobiles to the manufacture of smaller more fuel-efficient cars will come with a lot of challenges some of which can lead to its eventual closure if appropriate remedial measures are not taken to avert the detrimental aftermath of the strategy. Loss of clients whose tastes and fashion are deeply entrenched in the selection of larger SUV line of automobiles is imminent unless the company continues with the production. The marketing strategy therefore implies that the company will lose its market share within the automobile industry.

This is an indication that the company is likely to make serious financial losses in its future endeavors unless sales compensatory mechanisms are put in place. Additionally, the company will be required to make all the necessary adjustments in preparation for the production new models of smaller automobiles at an extra overhead cost due to the projected augment in the initial costs of installing new assembly points, requisition for the design of new automotive models, training of employees, marketing and promotion of new products. All these factors contribute to the higher rates of initial overhead costs required for the implementation of the marketing strategy. Finally, competition from established automotive companies producing the same models of smaller fuel-efficient cars is another challenge that the company must come to reckon with in the execution of the

marketing strategy. The mere fact that many automobile firms are already established in the business of making smaller fuel-efficient vehicles and that their products have dominated the available market, the company will experience serious problem introducing its new products into the market.