

Whitebook: cross- marketing platform for luxury brands in japan

[Business](#), [Marketing](#)



Ad-comm Group “ Whitebook”: Cross-marketing Platform for Luxury Brands in Japan 1. What is a Whitebook? What role(s) does it play in the Marketing strategy of Ad-comm’s client companies? Answers 15 lines maximum.

Whitebook is a cross marketing platform, a magazine that is published in Japan every 4 months and which displays nine luxury brands in nine diverse types of product. The magazine is customized for each luxury sponsors. The Whitebook plays an important role in terms of marketing strategy as it is a brand ambassador and CRM tool.

As the Whitebook is mainly distributed through sponsors, the Whitebook targets a prequalified small group of costumers but right ones, right at the beginning. Being displayed in the magazine can be seen a recognition of being a top luxury brand and be therefore an award. The Magazine creates a strong relationship between the brands and the costumers, as the costumers feel privileged to receive special attention from the brand. Moreover the Whitebook organizes event as well, which gathers customers and one brand.

Those events gives the opportunity for luxury brands to create a personal relationship (“ face-to-face” relationship) with its customers, by telling its heritage and answering questions. 2. Take the perspective of the general manager of Porsche Japan. How would you assess the cost effectiveness or ROI of investing 20 million Yen a year to sponsor Whitbook? Would you be willing to be a sponsor? Why or why not? Answer by using a break-even analysis, and by calculating the expected customer lifetime value (i. e. oday’s expected value of a customer’s purchases over the course of his/her life as a Porsche customer). 1 to 2 pages. a. You must know what a break-

even analysis is: this is when your return/revenue covers your investment - in other words: how many cars to sell to repay for the investment in Whitebook? b. Customer Lifetime value: refer to the last class definition - expected value of a customer over the course of his/her life as a customer = selling price of a Porsche x number of Porsches purchased in a lifetime.

Be creative by using the data of the case and common sense. There is no magic formula. I will take your assumptions into consideration. c. Then the cost effectiveness can be assessed by comparing to competitive offerings Porsche sales increased by 4.55 ($3000/658 = 4.55$ - p. 8) in 6 years. For a luxury brand, democratization of the product also means loss of prestige and exclusivity. Whitebook is a way to keep the luxury image of the brand by creating a special relationship with the best costumers. 20 million Yen represents 2. % of the total marketing budget (p. 8). Assuming that an average price of Porsche is 75 000\$ USD , in 6 years they have sold for 175 650 000\$ ($75\ 000 \times 2320$) . 20 million Yen is equal to 214 241. 04\$ USD which corresponds to 1 285 446. 24\$ USD in 6 years. In terms of break-even analysis and still assuming the average price of 75 000 \$, they need to sell 3 cars (2. 86) ($214\ 241.04 / 75\ 000$) per year to repay their investment in Whitebook. However, the case mentions that “ 10% of the VIP customers own 8-9 Porsches” (p.), therefore we can assume that Porsche company sells at least 3 cars per year and therefore sponsoring Whitebook is profitable. In terms of Costumer Lifetime value, we shall still assume the average price of 75 000\$ USD per car and the number of Porsches purchased in a lifetime of 8. 5 (“ 8-9 Porsches” own over lifetime - p. 8). The Costumer Lifetime Value is therefore equal to 637 500 ($75\ 000 \times 8.5$). Finally, in terms

of cost effectiveness, if we look at exhibit 9, we see that the manufacturer's suggested retail price of Whitebook is best advantageous compared to other selected print media in Japan.

The manufacturer's suggested retail price is relatively low (5 000 000 Yen) compared to the number of pages and the location. Let's take 25ans'. The MSRP is 4 200 000 Yen for 2 pages on the back cover; compared to 800 000Yen more for Whitebook (therefore 1. 19 more expensive ($5\,000\,000 / 4\,200\,000 = 1.19$)) for 3 times more pages inside the magazine for Whitebook. It is then clear that Whitebook is more profitable compared to less expensive magazines in terms of cost effectiveness. Moreover 25ans' targets women's luxury, however Porsche and fast cars are commonly known to be of mainly great interest for men.

Concerning Esquire, the MSRP is 3 200 000 Yen of 2 pages on the back cover, Whitebook is 1 800 000 more (therefore 1. 5626 more expensive ($5\,000\,000 / 32\,000\,000$)) for 3 times more pages inside the magazine. Thus, Whitebook magazine is more profitable than Esquire. Moreover Esquire targets Men's fashion/lifestyle only, however purchasing a Porsche can also involve women (Porsche Cayenne for example). Concerning Nikkei Business, the MSRP is 5 680 000 Yen of 2 pages on the back cover which target business customers. Compare to Whitebook, Nikkei Business is 1. 36 more expensive than Whitebook for less pages. Moreover the Nikkei Business target only business Concerning Asahi Newspaper, the MSRP is 22 500 000 Yen for full page. Compare to Whitebook, Asahi Newspaper is 4. 5 more expensive. Moreover, Asahi Newspaper targets general public, however

Porsche wants to keep the luxury prestige and exclusive image of the brand by investing in a magazine, the target readers doesn't therefore correspond to the main aim of Porsche. In conclusion, Whitebook is the best investment in terms of cost effectiveness compared to competitive offerings. . Put yourself in the shoes of Andreas Dannenberg. Whitebook exploits opportunities (and leverages strength, addresses weaknesses, and counter threats) in the luxury market and advertising industry, and it helps Ad-comm stay ahead of potential capability improvements by Japanese and multinational competitors. What is Whitebook to you? What role(s) does it play in the marketing strategy of Ad-comm itself? Answer by using a SWOT analysis (for Ad-comm) to understand internal and external strategic position. 1 to 2 pages. In terms of Strengths: Whitebook enables to be independent from Japanese Players * Doesn't have to be subcontracted by Japanese agencies * Target the right costumers * Plays a role of CRM tool * Create privilege relationships between the brands and the costumers * Maintain the luxury and exclusive image of the sponsors * Create events to build a face to face relationship and build a trust relationship in the long run with VIP costumers -> the brand tells stories and heritage to the customer and the Japanese consumption, customers are choosing a brand mainly because of its heritage, recommendations of experts and experiences offamilyand friends. Plays a role of brand ambassador * Enable luxury companies to display the corporate portfolio * Enable luxury brands to make their cash flows easier In terms of Weaknesses: * Limited to Japanese market * Limited to the Japanese market * Implementation on international market requires global corporate decision In terms of Opportunities: * Cross-

marketing platform * Select prequalified targeted and top-tier customer
Create a unique virtual experience for privilege guests as well through its website and entry key * Track behaviors of target customers * The website tracks behaviors of target customers * Create events which can be an opportunity to launch a new product to a right target customer * Enable luxury companies to get new customers * Work as a CRM tool
In terms of Threats: * No competitors at the moment because it is very selective and it nurtures the relationship with the brand. However, competitors can come in the market, target also luxury clientele with more luxury brands or more subcategories * New competitors can come and create other type of cross-marketing platform like a privilege club which enables the brands to meet * New competitors can come and create the same magazine suited for the global market or USA market which number of customers are greater
4. What would you do with the expansion opportunities described at the end of the case (pp. 10-13)? Would you pursue: (a) increasing the number of sponsors in the current Whitebook? b) replicating the current Whitebook in overseas market; or (c) developing an alternative Whitebook focused on the new "edgy" brand market? Why? Answer with Pros and Cons in 1 to 2 pages.
(a) Increasing the number of sponsors in the current Whitebook
Pros: * Increase flexibility when planning events * Increase quantity of events (number of events) * Increase quality of events, as more VIP customers and sponsor companies are available * Increase the use of CRM tool * Make the relationship between brand and consumer more visible
Cons: Additional cost could offset the fixed costs of production * Losing credibility * Losing trust with the brands * Losing luxury appeal because luxury is based on scarcity

and exclusivity (b) Replicating the current Whitebook in overseas market (the best option because:) Pros: * Minimize additional effort and attention required to Whitebook * Provide learning opportunity for the account managers * Can introduce new categories in the book * Multinational sponsor already present in the Japanese version can be included in the overseas version * Already implemented in US, Singapore

Cons: * There's a small budget required by sponsors * The decisions so far are regional and not on corporate level * Changing the marketing strategy at a global level will be uncontrollable for Whitebook unless they change the whole corporate structure, which possible (c) Developing an alternative Whitebook focused on the new "edgy" brand market Pros: * Maintain most loyal customers * Help to acquire innovative customers * Guarantee of 50 000 targeted customers * Involves high-margin brand segments Developing new relationships with new companies Cons: * Should redirect the target customers on young customers * Being part of a community takes out their own personality and uniqueness * Because edgy brands target young customers and customers prefer interactive marketing tools so edgy brand prefer to invest their marketing budget and events or promotions rather than printing marketing * Change the value of luxury image of the book * Because luxury is based on exclusivity and scarcity, including edgy brands will damage this luxury image