

Marketing the new beetle

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Ferdinand Porsche began drawing up plans for "voluptuous" people's cars. The Beetle was launched in America as a single product success in 1949 and it rapidly attracted a group of followers. For many The Beetle was their first car, its round shape, face like front end, and low prices, enhanced the new generations requirements in such a way that it boosted its popularity among the budget minded students as well as the drivers sought to express their individual and personal style through the car.

Part of the car success in the U. S must be credited to the memorable advertising campaign created by Doyle Dane Branch Inc. The campaign captured the unique essence of The Beetle with simple and humorous ads. "Buy low, sell high", was the slogan suggesting a solid investment as it required "very little upkeep" and retained value over time. By 1970 the car had become a true American icon, however in 1979 The Beetle brand run came to an abrupt stop. Reasons of sales decline...

In the late 1950s and early 1960s Volkswagen began experiencing numerous complications. The cautiousness of American customers when buying imported cars; the shortage of parts, and constant repairs made foreign cars a luxury few could afford. The depreciation of the dollar, the Americans ever changing demands, and their inability to meet certain legal obligations, specifically the National Highway Safety Act of 1966 and the Clean Air act of 1970, forced Volkswagen to stop production, and sales in the United States market.

Relevant Facts 1949 The Beetle was launched in America. 1955 VW opened a subsidiary in America. By 1970 the car had become a true American icon. ; In

1979 The Beetle's run in America came to an abrupt stop. ; In 1994 Wad began eyeing out a strategic recovery plan to revive the VW franchise in America. ; In the United States decline precipitously from over half a million cars in 1970 to less than 50,000 cars by 1993. ; VW of America had a solid rebound with annual sales growth of 29% over the 1993 to 1997 period. In 1998 VW of America had targeted sales of 200,000 units, 45% increase over the 1997 sales of 17,885 cars. ; expected The New Beetle to contribute to at least 25% of the 1998 goal by selling its entire first year/ production quota of 55,000 cars. Target an audience Position the product ; Develop an innovative advertising and media campaign Relighting Volkswagen in America... In 1994 began laying out a strategic recovery plan to improve the franchise in America. One of the most significant changes Wad made was hiring a new advertising agency, Arnold Communications.

Strengths and Weakness of launching in America according to Arnold Communication Interviews The heritage of German engineering in comparison to other European brands such as BMW and Mercedes, was perceived as the "people's car" due to its affordability. ; Uniqueness, and a pleasurable individualistic driving experience distinguished the brand from Japanese cars such as Honda and Toyota. The brand image was slowly eroding, because of people's perception of poor quality and reliability. Nonuser's characteristics Younger Slightly more affluent More educated than the average car purchase Owners enjoyed a more active role when driving the car The idea that there's more to the car than just a medium to get from one place to another ; Unique attitude's towards life Adventurous Creative Confident Self sufficient Experimenters Drivers who seize the day With this

fresh insight about the target market, the Arnold team recommended a new product positioning and brand essence that would develop the foundation for the rivers wanted campaign.

The advertising campaign for the balance of 1995 and 1996 got back on the consumers shopping list, inviting new and different drivers. The new beetle...

More than 10 years after the classic Beetle was first sold in the American market, the Wad staff began considering the idea of designing a new beetle as a way to offset slumping sales of the franchise. Geometry of the future.

They hoped to design a new product under a four-design model: Honesty, simplicity, reliability and originality, capturing the Beetle's spirit and essences of history, while still being a distinctive new model for the baby boomers ND the youngsters Characteristics of the new beetle... Water-cooled engine on the front of the car. ; Front and side airbags and Air conditioning in the standard package A six speaker sound system 12 cubic feet of storage space in the rear hatch Larger and more spacious Upgraded breaks: from drum breaks to four-wheel disc brakes.

Target audience of the new beetle... Cross the boundaries of age, income and gender 'vow" s new core audience ranged from 18 to 34 years old and the baby boomers ; Potential New Beetle drivers represented qualities such as confidence, individualism, reticular desire to be the center of attention, passion for driving, and appreciation for the German engineering. Positioning of the new beetle... Baby Boomer's cherished memories of the classic Beetle welled up at the sight of The New Beetle.

The younger generation had an emotional connection to the New Beetle. ;
The Beetle is no longer a people's car but rather a personal car. Competition and pricing The New Beetle is part of the small car segment, the second largest segment after midsized, constituting the 27% of the market ;
Experienced a 5% decline by 1997 with sales of 2, 217, 813 cars. Domestic brands such as Chevrolet Cavalier, Ford Escort and Saturn, represented over one-third of the segment's sells. Japanese cars such as Toyota and Honda held a 15. 4% market share. In the small car segment The New Beetle was priced too high, as a result some consumers might trade up into higher priced segment of cars, affecting its competitive advantage of affordability. Dealers To improve dealer's relationship, worked hard on its organizational efforts. In 1997 the company flew its entire dealer personnel to Germany, with the purpose of familiarizing the dealers with the new line of cars, the plant, and technical facilities. They thought that by introducing the car to the dealers it would help them to believe once again in the cars uniqueness.

In addition to this, the dealers were included in the companies' wide trading session at Disney Institute; aimed to help employees understand the value of crating a total brand experience for consumers. The goal The launch In January 1998 The New Beetle stole the show at the car industry most important event. Journalist where given an opportunity to drive the new beetle. The problem... The positive press coverage alone would not be enough to sell The New Beetle. The arresting team had to decide whom to target and how to communicate the cars benefit.

Targeting the baby boomers with a value proposition of " indulging in nostalgia" appeared to be the most appropriate strategy for The New Beetle. In addition to their personal history and emotional ties to the beetle brand, these buyers could afford the \$15, 000 plus price tag of the car. However consumer's trends among the baby boomers revealed changing preferences to larger cars. On the other hand VW had shifted its strategy, positioning the brand behind the tractability of its cars to target a younger generation of drivers. Ad to maximize the impact of the brands limited advertising budget.

The competition had been spending over \$100 million in advertising behind the launch of a single car. Had to compete with a budget that was less than 25% of a typical budget. Other issues surrounding the launch were the advertising strategy. Would it be a broad advertisement? If so, was the agency capable of allocating resources to reach everyone with its message? A targeted strategy would allow the company focus itself to a specific audience more frequently. Wondered if television or print advertising would be the more effective in reaching the target market?