

Smart car marketing environment

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The product being examined is the smart car pure, which is the base model for this vehicle from manufacturer, Daimler Benz AG Corporation. The vehicle is one of the subcompact, or micro class of cars. Standard features include a 5-speed automated manual transmission with manual or automatic mode, central remote locking system, leather steering wheel, 1.0 liter 3-cylinder engine, standard safety features such as dual airbags front and side, anti-lock, and seat belts, and an MP3 player plug-in. There are limited color options available; all factory paint jobs include two colors on each car.

The official name is the "smart fortwo pure" (which the lower-case smart an acronym for "Swatch Mercedes Art" - although Swatch is no longer involved in the car's production and sales) and it is sold as an economical, functional vehicle for a maximum of two passengers. Its tiny engine size produces a maximum speed of 90 miles per hour and touts a fuel consumption of 33 miles per gallon while city driving and 41 mpg on the freeway. Its total length is less than nine feet long, at eight feet, eight inches.

Base price for the vehicle is \$11,590; with all available factory-installed options the smart car pure tops out at \$13,600. Competition for the smart car is currently heating up as gas prices soar and auto manufacturers, Detroit companies in particular, struggle to develop models which are extremely economical as far as fuel consumption. Comparable vehicles for sale in United States markets include the Toyota Yaris, Honda Fit, Nissan Versa, Chevrolet (Daewoo) Aveo, Kia Spectra and Rio, Mini Cooper, and the Hyundai Accent, although none of these models have experienced outstanding sales.

With the exception of the Mini Cooper, all of these subcompacts have seating for more passengers while selling at a comparable price and advertising similar gas mileage. However, even though there are other, larger vehicles offered at the same price point, the entire stock of 2008 smart car models available in the U. S. has been sold out and orders are currently being taken for the 2009 model year. Clearly, the smart car has outclassed its competition and Daimler Benz is employing effective marketing tactics, such as a countrywide pre-inspection of the vehicle at various car shows in the year prior to its being available in the U.

S. , to boost sales. Intermediaries Distribution for the smart car began in Europe, where the problem of parking is of utmost concern. Daimler began production of the smart vehicles in 1998 and broadened its distribution in the past 10 years to include 36 countries. The smart fortwo's production was begun in April of 2007, with distributorship in the United States being made available only since January of this year. Currently, there are 68 dealers authorized to sell the smart fortwo in the U. S. with another six scheduled to come on board later this year.

The production facility is located in Hambach, France and the vehicles offered for sale in this country are imported. According to smart USA: "System partners on site deliver the prefabricated modules directly to the production line". Roger Penske and the United Auto Group are commissioned as distribution partners to bring the vehicles into the U. S. STEP Environment Economics: The smart car was originally developed with the European consumer in mind - one who is forced to drive in cities such as Paris and

Rome, and who must deal with the skyrocketing prices of gasoline in overseas countries.

Here in the U. S. the smart car is targeting consumers who must commute to work and particularly those in big cities, for whom parking is often a problem. The vehicles are not the cheapest available and since the average car buyer can get more for his money by buying a domestic subcompact, those who purchase a smart car will generally be of middle or upper class status financially. As well, the fact that this car cannot be the only vehicle in the household due to its limited capabilities (much like a motorcycle) will attest to its appeal to the more well-off consumer who desires a car expressly for the purpose of running short errands.

Daimler Benz, however, is hoping the car will appeal to empty-nesters and recent grads, with the former usually categorized in an upper income class while the latter is less financially secure. While there are only four months of sales figures available for U. S. buyers of the smart car, the fact that demand has far exceeded supply is an early indicator that it appeals to many economic levels of consumers and that its marketing has been highly effective. PEST Analysis

Social: The smart car encompasses two distinct social aspects to its marketing efforts. The first caters to those who like the vehicle for its “cuteness” factor and its ease of zipping through traffic and its ability to fit into even the most tight parking spaces. The second social factor concerns that of the “green consumer” - someone who expends much effort and research to make the least impact on natural resources. The negative social

aspect of the smart car is that for most Americans, their vehicle makes a statement about themselves.

While Europeans, the original target consumers for the smart car, are less affected by their vehicle's make and model status, Americans are still enthralled with the status symbol of a big, gas-guzzling automobile, such as an SUV. This will be the largest factor for Daimler Benz to overcome in its continuing marketing efforts in the U. S. As well, the subcompact smart car is clearly at the bottom of the luxury car maker's product offerings and perhaps this is why Daimler waited so long to introduce it to the U.

S. market: it seems an odd addition to their line of Mercedes sedans.

Political/Legal: Legal issues which have contributed to the smart car's availability in the U. S. include safety concerns and features which were not in compliance with federal standards. Before being allowed to introduce the vehicle in this country, Daimler Benz was required to spend millions of dollars on modifications to the safety features of the smart car.

In 2006, Daimler Benz applied to the National Highway Traffic Safety Administration to be allowed to import the smart car under the premise it would be manufactured to comply with all applicable Federal motor vehicle safety standards. The required modifications included changes to the display gauges, headlamps, standard safety warning verbiage, and adherence with occupant crash protection features. When it was approved, the smart car and its anticipated arrival made news across the country.

Geographic: While being touted as a " green" vehicle, the smart car is imported from its production facility in France. Interestingly, this distribution

method causes more concern for the environment than the amount of fuel it consumes. Because of its European origins, Daimler Benz has experienced a large backlog of orders for the smart car and currently cannot keep up with demand. With only 68 dealers in the country, some consumers are finding it difficult to locate a place to purchase the smart car outside of large metropolitan areas.

As production begins to become more in line with demand, the company plans on increasing the amount of dealerships. Environmental issues: This is one marketing aspect of the smart car where Daimler Benz uses its global, and highly visible, green technologies to its best advantage. According to the company's statement online, Daimler adheres to production standards and policies which aim "to protect the environment, reduce energy consumption and innovatively preserve our natural resources".

The country's growing concern with green initiatives, coupled with record-high gasoline prices, cause consumers to actively research an automobile manufacturer before making a purchase decision. Production methods for the smart car are touted as using less energy than the traditional manner and the production facility is actively involved in recycling while the building itself is described as eco-friendly and fully integrated with its environment. The smart car is manufactured without use of formaldehyde, CFC or asbestos, instead using Trespa for exterior surfaces, which is made from fast-growing European trees.

The smart car's body is powder-coated, instead of sprayed with paint in the traditional manner of auto manufacturers. The vehicle not only saves fuel, but produces less emissions. The only negative comments regarding the <https://assignbuster.com/smart-car-marketing-environment/>

smart car is that it still uses traditional fuel and its fuel economy is not much better than most small cars. Daimler Benz is attempting to overcome this by counting on consumers to buy the car based on its European looks and its uniqueness in a market of traditional vehicles.