

Marketing strategy market segmentation



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The cars' price usually is one important considerable factor for customer to select a car. Normally, the price of Hybrid vehicles may be about US\$5, 000 higher than traditional fuel vehicles^{1/4}^Gupta 2008^{1/4}%%. For example, the price of Toyota's Camry is \$19, 595 and the Camry Hybrid is \$26, 400 (Toyota, 2010). If the customers select hybrid cars, which may mean they have good income and also are focus on the environment protection. Accordingly, maybe the main customers of Toyota Hybrid vehicles are high-education people. Due to the Toyota hybrid vehicles includes business car such as Camry hybrid and family car like Highlander (Toyota, 2010), which mean the motivation of people to buy the car is for business and family. Finally, according to the analysis above, the main customers of Toyota hybrid vehicles may be from the elite group of society, some of them may have families and someone is business people and lives in the relatively developed areas. Basically, the market segmentation of Toyota is definitely correct, elite group have enough consumer competence to buy Hybrid cars. And the multi-variety hybrid cars also offer more options for customers' requirement such as for business and family.

Marketing targeting

According to the history of hybrid vehicles, the time of hybrid vehicles as products that selling in the market just have 13 years ^{1/4}^Hybridcars, 2006^{1/4}%%. Therefore compared with automotive industry's traditional fuel vehicles, hybrid vehicles can be considered as an emerging market and still exist great potential.

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Figure: Hybrid Vehicle Sales Exceed Forecast (Baum, 2007)

According to figure, from 2004 to 2006, the vehicle sales have exceeded forecast. Especially in 2006, hybrid sales exceeded 55% than forecast. And in 2004, 256,000 hybrid vehicles were sold in U. S., which occupied 1.6% of total vehicle sales of U. S. market (Baum, 2007). Compared to 2004, the hybrids sales only accounted for 0.5 percent of the U. S. market, which have increased over tripled in 2006 (JD Power and Associates cited in Hybridcar, 2006). Because of recent years more promotion of concept of environment protection and frequently fluctuation of gas price, which cause more customers started to mention and select hybrid cars. A J. D. Power survey points out that “72 percent of US consumers said they were interested in buying a hybrid car” (cited in Gupta, 2008). Moreover, as the development of technology and limited oil resources in the future, hybrid cars is possible become the main products of future’s auto market. Consequently, in the future, the hybrid market will be big and grow fast. Also may attract more rivals enter into hybrid market because of its great prospect and potential. For example, “in 2007, the buyers had more options of hybrid, including the new Nissan Altima, Saturn Aura and Lexus LS600h hybrid sedans and hybrid versions of the Chevrolet Tahoe, GMC Yukon and Mazda Tribute sport utility vehicles”^{1/4}MSNBC, 2008^{1/4}%.

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Figure: 2009 US Hybrid car sales (Hybridcar, 2010)

According to figure, Toyota Hybrid cars sales are quite more than other competitors. Although due to the impacts of problems with Toyota hybrid

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cars' anti-lock braking systems, Toyota have recalled 437, 000 hybrid vehicles in major markets such as US and Japan (The Wall Street Journal, 2010). But Toyota still at the leader position of hybrid sales and technology.

On the other hand, Toyota launched world's first hybrid car in 1997, which is the first mover of hybrid market (Gupta $\frac{1}{4}$ 2008). The hybrid cars are according with the direction of automotive development in the future, which assist Toyota to spread the risk of only focus on traditional fuel vehicles. But hybrid is the relatively emerging area, which needs much investment on technical study such as battery. In 2005, Toyota increased its ownership of Panasonic EV Energy from 40 percent to 60 percent and purchased Fuji Heavy Industries from GM (Brooke, 2005). The goal of that is study and manufacture high high-efficiency battery.

Competitive advantage

Toyota has two main advantages. Firstly, Toyota brand is very famous in the world auto market and have good reputation in quality. Although, recently Toyota is meeting the issue of braking problems and facing credit crisis, which still has enormous power of influence in auto market (Booth and McCurry, 2010). Toyota occupied about 75 percent of all hybrid vehicles sales in the U. S. over the past 10 years. (Toyota, 2009) Secondly, Toyota as the first mover of hybrid market, which owns many patents of hybrid technology. Recently, Toyota has about 2, 100 patents of hybrid vehicles, which is nearly twice as many of its closest rival, Honda Motor Co. (Murphy, 2009). “ One important goal of Toyota is make it difficult for other auto makers to develop their own hybrids without seeking licensing from Toyota, as Ford Motor Co. already did to make its Escape hybrid and Nissan Motor

Co. has for its Altima hybrid” (Murphy, 2009). Therefore, in hybrid area, Toyota has strong advantage of patent associated with hybrid technology, which will block other auto company to develop in this area and also block new rivals’ entry.

Product positioning

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Figure: Perception mapping of Hybrid cars

Brand

Price range

Variety

Toyota

\$ 22, 800-34, 900

3

Nissan

\$26, 780

1

Honda

\$19, 800-25, 340

4

Ford

\$27, 950-29860

2

Lexus

\$34, 650-108, 800

4

Figure : Price range and Variety of main Hybrid brands. (Toyota and Nissan et al, 2010)

According to the figure, position of Toyota hybrid cars fall in the relatively low price category and has a competitive range of cars, which focus on medium income groups in the society. Also, Toyota hybrid cars are high-technology and environmental protection products, which accord with future's developing trend of automobile. Toyota Motor Sales has announced a new technology called FT-CH dedicated hybrid at North America International auto show in Detroit in 2010 January 11(Toyota, 2010). This is a concept to introduce a large variety of products in hybrid range such as plug-in hybrids (PHVs), battery electrics (BEVs) and hydrogen fuel cell vehicles (FCHVs). According to the news above, which can forecast recently hybrid cars may be a transition product. In the future, Toyota will produce completely green car and without traditional fuel.