

LAND ROVER CASE

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Background

SUV market is composed of over 30 SUV models with a price range from \$10,000 to \$60,000. Jeep, with the support of a strong heritage of being America's first-ever SUV after US Army bid for a reliable 4WD to be used in the war, is the best selling SUV brand on the market. Positioned as "the most car-like of all SUVs", Jeep has backed with a \$67.8 million advertising budget. Claiming to be the second best-selling SUV brand, Ford Explorer is positioned as "an affordable luxury vehicle with unparalleled creature comfort" with a \$24 million advertising budget. The third player in the market is Chevrolet, positioned as "product quality with style" with a \$60 million advertising budget. Meanwhile, the market share for Japanese SUVs is less than %20 which is believed to have a tame impact on the competition.

SUV buyers mainly concern about the quality and safety of the vehicle followed by the performance. Even though the majority of SUV buyers is married men aged 35-49 with no kids, the need for a safe drive is dominant among other needs compared to first times of all SUVs, i.e. status, fashion, aesthetic...etc. Customer perceptions survey shows that Discovery has a good reputation for quality and safety (Ex-1).

The first Land Rover marketing strategy was built on "simple and strong" positioning with a target segment, where the functional utility was greatly valued (1947). In response to changing market needs in 1970, more stylish Range Rover was launched by retaining the ruggedness of Land Rover and combining it with luxury and comfort. Following the Japanese SUVs' invasion through Land Rover's core markets and the needs for the geographical expansion, Land Rover saw the "hot" market in US and launched Range Rover into the US market in 1985 with a positioning of "4x4 with luxury".

Range Rover had the highest price at its category making it a high class vehicle for high income customers in US. The price included in the ads to make the brand self-selective and prestigious, which I believe was

a smart move. In order to expand the product line and affordability of vehicles, Range Rover launched Hunter into the US market with a lower price. However, Hunter was a bad move for the prestige of the company and the customers pissed off. Hunter was pulled back after a short while but it didn't prevent company from sales lost (Ex-5). Of course, the needs evolved by time towards safety and quality rather than prestige and comfort. And also, Range Rover, as being only brand in Land Rover product line in US, decided to expand the product line with new branding and retailing strategy. As it is seen from the Ex-5, the market for Land Rover in US was about to saturate for one product and it needed a fresh, new, smart move. Changing the company name from Range Rover North America to Land Rover North America as a new branding strategy caused a sharp decline in total sales by confusing customers' mind, who thought that Range Rover, itself, was a corporate brand up until then (Ex-5). As a supporting strategy, Land Rover Discovery, providing a persuasive evidence for expansion with its UK success, was launched with a dual positioning of "the versatile family vehicle" and "ruggedness of authentic 4x4 brand" by targeting safety and quality driven customers, and the president and CEO of Land Rover has set a goal of 40,000 total LRNA units a year by 1998. I think the idea behind the launching was that the Discovery needed a new market which had declining int'l sales and Land Rover in US needed a new product (Ex-7). So, I think launching Discovery into the US market, assuming that its US sales pattern would have the analogy to its UK sales pattern, was a smart and timely move.

### Recommended Positioning and Marketing Strategy for Land Rover Discovery in US market

To quality and safety driven customers who also seeks real on/off road performance, Land Rover Discovery is the only SUV in its class that gives you more safe driving than any other brand because of its dual-front airbags and anti-lock braking system as standard equipment.

The positioning for Land Rover Discovery targets married male customers, with/without kids, aged 35-49 with good educational background and more than \$100,000 household income. This positioning includes both safe family vehicle concept by emphasizing the safety equipments and the evolution of Land Rover

brand with the newest technology by retaining its authenticity and ruggedness. By doing this, Discovery also reaffirms the legendary features of Land Rover brand.

“Camel Trophy” and “Tread Lightly!” events should be supported together with the “La Ruta Maya Expedition” and “Virginia Cup Tennis Challenge”. The sponsorship and PR costs approximately \$615,000. The “Land Rover Driving Academy” should be retained as it is and “Driving Basics and Ice Driving” programs should be added to experience marketing programs, which have a total cost of \$65,000 (Ex-4). Newsletter founding (\$50,000) should be supported instead of webpage development due to the internet accessibility conditions at that particular time. The “Champagne Invitational Preview” (\$35,000) may impress the prospective customers by indicating high class behavior with champagne glass (Ex-4). However, “Treasure Hunting”, designed to highlight the product attributes of Discovery should be discarded. Furthermore I support the idea of Land Rover Centers (\$500,000), which are converted dealer networks into exclusive retail outlets as new retail strategy (Ex-4).

#### Basis for Recommendation: Positioning

According to 1994 Truck Study, the first three key SUV purchase drivers were determined as quality, safety and performance (Ex-2). Consumer Perceptions of Major SUV Brands survey also revealed that Land Rover Discovery has great reputation in these drivers, with being more reputable in especially quality and safety (Ex-3). By combining these two data it can be said that Discovery can respond the most important customer needs, however, Jeep Grand Cherokee and Ford Explorer, the two best-selling SUV brands in US market, has the same customer perception for safety and quality, as well. Moreover, Discovery has worse perception than these two brands in other key purchasing drivers like performance, off road capability, aesthetic and economics. So, by bearing these results in mind, positioning statement must emphasize the points-of-difference, such as the dual-front airbags and anti-lock braking system as the standard equipment of Discovery. This POD will provide confidence and differentiation and also another reason for buying the most expensive brand in its category.

Discovery has the highest price in its category; however it is cheaper than Range Rover. At first this may be seen as an advantage but after the Range Rover Hunter failure experience, “being affordable” must be discarded from positioning. Mentioning the price of Discovery may irritate price oriented Range Rover customers. So, let the customers find out the highest but at the same time more affordable price of Discovery.

### Allocating Funds across Marketing Mix Elements

As for the corporate sponsorship and PR programs, I support the continuation of Camel Trophy sponsorship with a Range Rover (\$240,000). Camel Trophy provides sufficient opportunity for Range Rover to present its core characteristics and power. However, the sponsorship of “24 Hours of Aspen” should be discontinued because of its high adrenaline driven followers, which is out of the main target of positioning. And also the “Tread Lightly!” program (\$25,000) may be sponsored to display how responsible an SUV can be for something that matters most. Most importantly, “La Ruta Maya Expedition” (\$270,000), which also invites most of the automotive press, should be sponsored. This event is a great opportunity to show off Discovery to automotive experts, as it’s been done for the launch of Range Rover, as well, many years ago. Lastly, the Virginia Cup Tennis Challenge (\$40,000) should be sponsored because its high class audiences with high incomes, which also overlaps with the target of positioning. However, the remaining events like clay shoot (seems so irrelevant), polo matches (US people are not interested) and Mt. Washington ascent (high adrenalin) should not be sponsored.

The “Land Rover Driving Academy” should be retained as it is to empower the owners, to teach them how to maximize the potential of their vehicles. Discovery was performed poor in the customer perceptions of performance and off-road capability. Even though the program targets the “owners”, not prospective buyers, it may help to improve the poor reputation of Land Rover in performance and off-capability by attracting new customers, who are interested in training their off-road driving skills. The message behind the program may be “performing high when trained well”. Also I support the “Driving Basics and Ice Driving” since this program may support the idea of safety behind positioning by teaching how to drive safe when the road is icy. The message may be “not only safe, but also responsible”.

It seems that Land Rover has a low brand awareness and ad recall among customers where as Ford and Jeep has the highest (Ex-8). This is most probably because of their high advertising budgets. Land Rover should make marketing research to identify the customers’ source of information for brand awareness.

Although the company targets a low percentage of whole population, it is important to reach the target from all channels. I believe that in 1994, internet was rare and hard to access for everyone. Since the search engines like Google, Yahoo, etc. were not serving as effective as they are doing now, it is neither wise nor necessary to allocate \$150,000 to webpage development. Moreover, it should be considered that development of webpage is not a time consuming process, which means it doesn't cause any delay if it's not developed immediately in 1994. It may be delayed to 1999-2000 when search engines will be a fashion. On the other hand, newsletter would be a good opportunity to give effective information about all Land Rover brands either separately or as a whole to future customers.

The suggested promotion strategy of "Champagne Invitational Preview" for prospective Range Rover 4.0 SE targets high class customers with high income and good taste. The celebration for only Range Rover launch makes customers feel valuable and wealthy enough to replace or buy the new model. The "Treasure Hunt" designed to as a Discovery promotion does not make sense since it highlights the product attributes like storage capacity, which actually is perceived as same with other SUV models according to the perceptual comparison graph in Ex-9. Other findings of purchase and usage diagnostics show that Land Rover models are not used for vacation trips or outdoor activities such as camping, hunting, fishing (Ex-10). Sending a picnic basket in every new purchase may have the effect to direct people to different actual usage activities of models other than transportation and daily errands.

### The Retailing Strategy

The results of Yankelovich Monitor Survey on retail shopping satisfaction reveal that a majority of customers are not satisfied with current car-retails. This is a great opportunity for Land Rover to convert its dealer network into exclusive retail outlets called Land Rover Centers, another point of difference for differentiation from competitors. The expansion of dealer network may have the cons like losing the exclusivity benefits in marketplace; however its pros such as providing comfortable and educational environment, offering new and used vehicles and car accessories and giving day care service during car

purchasing make the idea reasonable. The target customers, who actually take car purchasing concept as the most disturbing experience of all, may enjoy the day and leave the centre with a new SUV.

### Assumptions and Uncertainties

It is known that the brand awareness is higher for Jeep Grand Cherokee and Ford Explorer however it is also uncertain how they get high brand awareness. We don't know their fund allocations across marketing mix elements and retail strategies. And yet another uncertainty is how customers do research before purchasing. We know that they take it as a painful experience but do all them make visits to retailers? Or do they prefer other information resources? Also we don't have enough information for the perception and rankings of several activities such as Camel Trophy, 24 Hours of Aspen, etc. We assumed Camel Trophy being the most reputable activity and we also assumed that other competitors allocate their advertising budgets across these events, as well.