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GENESIS MOTORS BRAND MARKETING ANALYSIS

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1. EXECUTIVE SUMMARY

Genesis, the latest all-new automotive luxury brand, is being launched in the United States as its most important market besides China, Middle East and local Korean market. A division of Hyundai, the global brand is only the second luxury brand to be launched in the US since 2000. Genesis aims to blend the right product and the right experiences to create its version of modern luxury.

Hyundai has been laying the groundwork for a play in the luxury space for seven years since the introduction of the first Genesis sedan and the addition of the Equus sedan. Hyundai has given its new luxury brand strong global and regional leadership teams, particularly recruiting leadership talent from luxury and high-end automotive global brands.

Genesis has its own management team and dedicated platforms and products. All planned Genesis products will be based on front-engine, rear-wheel-drive platforms, as the company works to develop a drive feel and characteristic unique to the brand, according to the general manager for Genesis in the US, Erwin Raphael. Raphael eventually wants customers to understand and appreciate what it means for a vehicle to "drive like a Genesis". The cars will also take a unique design language different from any other in Hyundai Motor Company.

Genesis approach to luxury market is based not only on the sportiness of the driving experience, but also in the use of exquisite materials, top quality craftsmanship and incorporating new technologies to appeal new generation of clients.

Being part of Hyundai motors brings all the financial muscle and R&D capabilities to excel in the market, as well as opportunities to keep cost under control, so the project can be profitable.

In terms of Services, the brand is thinking innovative with the Concierge concept, typical of luxury brands and aligned with customer expectations for this segment.

Regarding the product line, initially based on well-established sedans G80 and G90, later on joined by the successful G70, are strong and selling well in the market, Genesis is moving in the right direction with the introduction of the GV80 this year and GV70 next year in the popular and profitable SUV segment. Genesis should pay attention to the fast grow of electrical vehicles options within the luxury market, in this sense although nothing is officially confirmed, seems to be working on the introduction of a vehicle in this market niche between the next couple of years. Also, all luxury brands have a 'halo' super car to attract customer and to show the potential of the brand, Genesis seems to be far away from developing a super sport car just yet.

Some of the main challenges of Genesis is brand awareness, although seems to be pointing in the right direction thanks to its marketing campaigns and focus on digital media promotion to reach potential new buyers.

During the study it was identified an issue with the dealerships transition from Hyundai dealers to the standalone Genesis dealers, creating some confusion and disruptions within potential client. Genesis seems to be addressing this issue while assessing the right amount of dealership network.

2. BRAND OVERVIEW

Genesis Motor, LLC, commonly referred to as Genesis, is the luxury vehicle division of the South Korean vehicle manufacturer Hyundai Motor Group. Initially envisioned along with the plan for Hyundai's new luxury sedan, the Hyundai Genesis, in 2004, the Genesis brand was officially announced as an independent marque on 4 November 2015, launching their first Genesis standalone model, the Genesis G90, in 2017. Genesis models are designed in Rüsselsheim (Germany), Namyang (South Korea), and Irvine (United States); and produced in Ulsan (South Korea). In 2020, J.D. Power named Genesis the most dependable automotive brand in North America.

Between November 2015 and October 2018, Genesis sold 206,882 vehicles; of the total, 127,283 were G80 models, 52,417 were G90 units, and 27,182 were G70s.[30] In 2016, Genesis sold 66,029 models in South Korea.

Yong-Woo (William) Lee is global head and executive vice president. Luc Donckerwolke, former design director of Volkswagen subsidiaries Bentley, Lamborghini and Audi, is head of design operations. Mark del Rosso, former president of Audi of America, is CEO of Genesis North America. Filippo Perini, former Lamborghini head of design, is chief designer. Peter Schreyer, formerly at Volkswagen and principal designer of the VW Golf, New Beetle, and the Audi TT, is a president and heads design management. Albert Biermann, former head of the BMW M performance division, oversees tuning and performance as executive vice president of performance development and high performance vehicles. Sang-Yup Lee, former designer of the C-6 Chevrolet Corvette and Bentley Continental GT, and Alexander (Sasha) Selipanov, former designer of the Bugatti Chiron, lead exterior and advanced design.

GENESIS BRAND HISTORY:

Hyundai conceived "Concept Genesis" in 2003 and introduced its first ever model in 2007 as a "progressive interpretation of the modern rear-wheel drive sports sedan". The body design took three years and the total cost of the program was \$500 million over a development period of 23 months. Reliability testing ran for 800,000 miles. Hyundai introduced the Genesis in 2008 at the North American International Auto Show.

Chris Hosford, Hyundai's United States spokesman, cited three main reasons to make Genesis a stand-alone brand:

- Genesis extant seven years in the luxury car market was successful
- Genesis ranked among the top three segment sellers
- Customers demanded a separate Genesis division

Genesis Motor announced the launch of its first model, the G90 (EQ900 in South Korea), on 9 December 2015. The G90 serves as the brand's flagship model.[21] Genesis launched in the U.S. in late 2016, with the sale of the G80 and G90 models. The initial dealers are a subset of existing Hyundai dealers, with designated space for Genesis within the dealerships' showrooms. On September 14, 2016 a third model, the Genesis G70, was unveiled in Namyang, South Korea. The car was introduced to the United States market during the 2018 New York Auto Show on March 28, 2018. In June 2018, according to the reports, Genesis Motor ranked first on J.D. Power's Initial Quality Study. The brand's first SUV, the GV80, formally debuted on 14 January 2020.

GENESIS FUTURE PLANS:

By 2022, a sports coupe and two crossovers are expected, bringing the number of Genesis models to at least six. In addition, in 2018 Genesis patented the GT70, GT80, and GT90 trademarks in preparation for three grand tourer models.[26][1] Genesis follows an alphanumeric naming convention; car models are named by combining the letter "G" and a number (70, 80, 90, and so on) while crossovers are named by combining the letters "GV" and a number. Genesis is initially being marketed in South Korea, China, the Middle East, Russia, Canada, Australia and the United States, followed by Europe (postponing launch) and the rest of Asia.

GENESIS CURRENT MARKETING INITIATIVES:

Genesis is the official sponsor of the NFL, the Genesis Open at the Riviera Country Club, and the Condé Nast International Conference. Architect Rem Koolhaas designed the world's first ever Genesis showroom in Seoul's Gangnam district. Genesis Connected Services, a cloud-based service, features remote vehicle functions such as remote start with climate control and remote lock/unlock is available on iOS, Android and an Alexa Skill developed with Amazon. The Genesis Intelligent Assistant was developed for Android and iOS, providing similar service to Genesis Connected Services. [1]

3. COMPETITION OVERVIEW

Genesis is competing in the Luxury cars sector, the main competition are German and Japanese Brands. German Brands like Mercedes Benz, BMW and Audi are well established in the market with good reputation for performance and innovation. Japanese Brands like Acura, Lexus and Infinity are spin-off of Honda, Toyota, and Nissan respectively and were launched to compete in the USA market in the late 80's, only Lexus had succeed in the international market, although Infinity also have some minor international presence, Acura remained focus only in the USA market.

Genesis is developing its vehicles based on rear wheel drive platforms to ensure sportiness performance, also hired lot of talent from BMW, Audi, Bentley and Lamborghini to develop their vehicles using as benchmark the best of the German sector.

Genesis is a new luxury brand that was created in 2015 as Hyundai's upscale spinoff. It ambitiously aims to battle the likes of BMW, Lexus, and Mercedes-Benz. The larger G80 and G90 sedans are too anonymous to truly enter the big leagues, but they do offer good value compared with those German luxury sedans. The newer, compact G70, on the other hand, is a hugely impressive sports sedan that provides sharp handling and outstanding value. New luxury SUVs will join the Genesis family soon, including the GV70 and GV80, and rumors persist about a flagship coupe

In the world luxury automobiles there are numerous different brands with varying degrees of pedigree and history. For buyers looking for their next luxury vehicle that idea of having a vehicle with a long history and tradition plays a huge part into their purchase. With that said, Genesis Motors is aiming to shift the paradigm and to have buyers purchase a car based solely on the product and the quality of the car instead of buying because of the tradition.

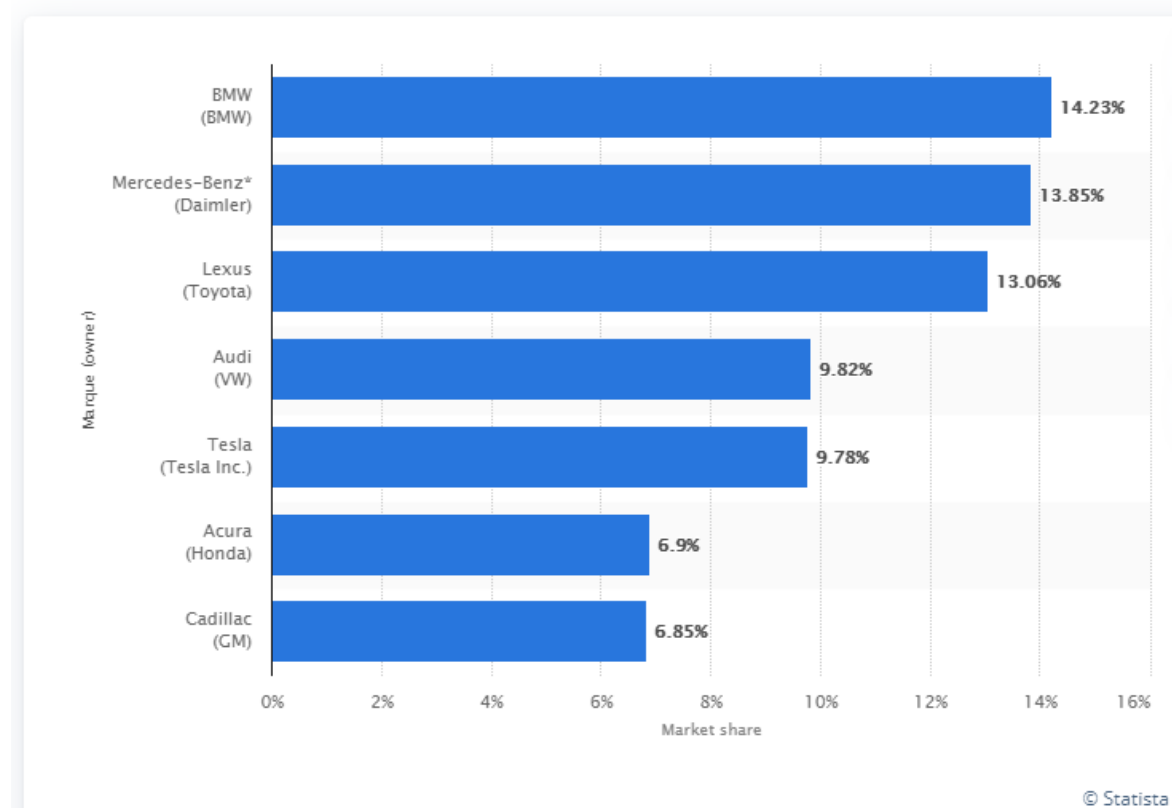
When you purchase a vehicle from Genesis Motors, be that the Genesis G80 or the Genesis G90, you are buying a vehicle that has been in development since the early 2000s and has been refined,

redesigned, updated, and researched numerous times to bring customers with something entirely new and different than any other luxury sedan on the market today.

Genesis Motors works to create well-built and quality vehicles that use beautiful leathers, woods, and metals to create a vehicle that is loaded with incredibly solid vehicles. Through continuous work, the team of engineers and designers reach to push the innovation of automobiles to a whole new level. This is achieved by working to make sure that every detail, whether large or small, is perfectly worked into the complete package.

Genesis stands out among all of top models from other brands like Audi, Lexus, Mercedes-Benz, and BMW, especially in the realm of safety and viability as a family car. Luxury brands like Mercedes-Benz, Audi, or BMW tend to be lacking in crash protection or even the full range of driver-assistive features they provide to help guide you through the streets. Models such as the G90 and the new G70 sedan tend to also provide more luxurious features for considerably less, making them more affordable and valuable over the long-term over their mainstream luxury counterparts. [2]

U.S. luxury car market share in 2019, by major brand



[3]

Genesis Annual Sales and Market Share in USA:

Year ^	Sales ^	Growth ^	Market Share ^
2016	6,948		0.04%
2017	20,612	196.66%	0.12%
2018	10,312	-49.97%	0.06%
2019	21,233	105.91%	0.12%

[4]

4. TARGET MARKET

Genesis is being developed primarily for the US, South Korea, Middle East and China, with the European markets planned in the horizon. The idea is to deliver six new models before 2020. The G90 and G80 have already been launched, there will be a G70 followed by two SUVs and a sports coupé.

The new Genesis brand will target younger, upscale buyers who are “savvy, affluent progressives, who are reasonable, progressive and young” said Euisun Chung, Hyundai Motor Co. vice chairman.

“We have created this new Genesis brand with a complete focus on our customers who want smart ownership experiences that save time and effort, with practical innovations that enhance satisfaction,” Chung said in an announcement from Seoul that was streamed to the media at Hyundai's U.S. headquarters in Fountain Valley, Calif.

Genesis will “distance itself from the traditional technological overload of brand-focused competitors, concentrating instead on a personalized, hassle-free customer experience,” via “smart ownership experiences that save time and effort, with practical innovations that enhance satisfaction.”

5. SEGMENTATION – DEMOGRAPHIC, BEHAVIOR, PSYCHOGRAPHIC.

Hyundai/Genesis officials say they are not targeting any particular niche of buyer demographics, nor relying on former Hyundai-Genesis owners. They expect Genesis-the-brand to have broad appeal. More realistically, though, the G90 (and G80) should attract the same buyer that Hyundai cited when it launched the Equus in Canada: “Savvy, modern, expressive consumers with post-recession values who earn social status more by outsmarting the Joneses than by out-spending them.”

The G70 will expand the demographics a bit. We'll see a younger demographic coming to the brand, and we also think it will shift toward females. It won't be predominantly female, but it will be more. The G90, for example, tends to be a mature man's car. The S-Class, 72, male -- that's what that tends to be. So we'll get a new group of people -- and women, who are incredibly influential in

buying cars, and that will be good for us. Finally, it can shift the settings toward performance. The G80 Sport handles well, but this car is even more energizing. It's zippy and more fun to drive, and I think it's going to bring a different perspective and start rounding out the brand, mentioned Erwin Raphael, Genesis General Manager for North America in an interview for Autoweek.

Speaking to Australia's GoAuto, Hyundai Motor's chief operating officer for Australia Scott Grant said the automaker is not aiming at the usual premium brands hailing from Germany, but is rather looking at the premium segment as a whole. "We are not targeting a brand per se, like a BMW or Mercedes. What we are looking at is the totality of the luxury market. And if you look at the luxury market, you say 'well you are going to try to get BMW people to come across.' No, not at all."

At least in Australia, and we don't see why this mentality won't be used in other vital markets such as North America, Genesis has recognized there's growing affluence with different tastes than in the past. Younger up and coming customers are seeking something different and Genesis wants to position itself as not just an alternative to the likes of BMW, but also something fresh.

"We are breaking the total luxury market down into different psychographic profiling areas," Grand added. "We have had this growing affluence underpinned by a strong economy for some time. When you look at the luxury market, there are different mindsets of people who are in that sector who have access to the sorts of money and sort of life experience that they want for a luxury motorcar. And a BMW and Mercedes person is quite different to the sorts of people we will reach out to."

At the same time, Genesis has no intention of targeting Hyundai customers. They are already familiar with the automaker and often remain loyal over the years. Genesis, however, is aiming for first-time premium car buyers who like to be the so-called 'early adopters', in marketing-speak. The German brands have their respective core buyers, and Genesis sees no reason why it can't have the same. [5]

6. SWOT STUDY.

Genesis being a sub-brand of Hyundai Motors, results more convenient analyzing Hyundai Motors, the data and information is based on results published in 2018.

Hyundai is one of the leading automobile manufacturers of the world. The brand has grown faster in the recent years based on its focus on technological innovation. Apart from great technology and good quality products, the brand is also known for its excellent manufacturing capabilities and global presence. The brand is quite popular in the Asian markets which account for a very large part of its sales followed by North America. Its retail sales globally grew in 2016 and so did its revenue.

However, the competitive pressures in the automotive industry have grown requiring higher focus on technological innovation and marketing. Hyundai has an extensive supply chain and distribution network. Apart from that it is focusing on the development of eco-friendly vehicles to meet the changing demand of the customers. 2016 was a challenging year in several ways but despite that Hyundai performed relatively well. These uncertainties are expected to remain for some years. However, Hyundai is planning to become a leading manufacturer of eco-friendly automobiles and is investing heavily in this area.

CEO & Chairman – Chung Mong Koo

President: Won Hee Lee

Number of Employees (2016): 118320

Number of vehicles sold (2016) globally: 4'914'000 approximately.

2017 Revenue: 96'376 Billion Korean won

2017 Net Income: 4'546.4 Billion Korean Won

Hyundai SWOT analysis	
Strengths	Weaknesses
<ol style="list-style-type: none">1. Excellence in vehicle safety and design proven by many awards2. The 6th highest automotive brand reputation in the world3. Effective research and development (R&D) spending resulting in new innovative cars4. Low cost to drive and durable cars5. Strong presence in China's market	<ol style="list-style-type: none">1. Poor brand portfolio, leading to fewer sales2. Low presence in the strongest U.S. vehicle market and no presence in Japan's vehicle market3. Declining quality of company's management4. Product recalls damaging brand reputation
Opportunities	Threats
<ol style="list-style-type: none">1. Improving U.S. economy2. Timing and frequency of new model releases3. Low fuel prices opening new markets for Hyundai	<ol style="list-style-type: none">1. Increased competition2. Rising Korean Won exchange rates3. Increasing government regulations may raise the costs

➤ **Strengths:**

1. Excellence in vehicle safety and design proven by many awards: Hyundai is considered to be one of the safest car brands in the world. The company has made significant improvements to the cars safety features and has been awarded the following safety awards:

2016 IIHS Top Safety Pick+ (Santa Fe)

2016 IIHS Top Safety Pick+ (Genesis)

2015 Top Safety Car, CATARC, China (Sonata)

2016 IIHS Top Safety Pick+ (Sonata)

5 Star Safety Rating , National Highway Traffic Safety Administration, U.S (Sonata)

5 Star Safety Rating, The European New Car Assessment Programme , EU (Tucson)

2016 IIHS Top Safety Pick+ (Tucson)

5 Star Safety Rating, The European New Car Assessment Programme , EU (Tucson)

These safety awards are only for 2015-2016 safety ratings. The company has received more than 30 safety awards over the last 6 years.[3]

In addition to Hyundai's efforts to improve its cars' safety features, the company also stepped up in its design efforts. In 2015, Hyundai's Sonata, Genesis, Elantra, i20 and Tucson models have been acknowledged as the best in design, earning Red Dot Design, Good Design and Product Design Awards. In total, the company has earned more than 20 design awards over the last 6 years

2. The 6th most reputable automotive brand in the world: According to Interbrand, Hyundai's brand is the 6th highest rated automotive brand in the world, behind Toyota, Mercedes-Benz, BMW, Honda, Ford and Volkswagen. The company has evaluated the brand at US\$12.5 billion just behind Ford's brand. Brand image has become an important factor influencing sales in the 21st century. Customers trust only the brands having a good brand image. Such brands attract higher sales and have a larger customer base. Hyundai has a strong customer friendly image globally. Its product portfolio is filled with products falling within different price ranges

3. Effective research and development (R&D) spending resulting in new innovative cars: Hyundai has spent ~~KRW₩~~ 2.712 trillion or USD\$1.847 billion on R&D in 2015. While it's far from the largest amount spent on R&D in the industry, the money is spent very effectively by Hyundai. The company has been able to introduce a few models (Ioniq and Sonata) that are capable of running on electricity only. Sonata's plug-in hybrid engine has been awarded as one of the top 10 in 2015 and is actually capable of running on only electricity farther than Toyota's Prius. Yet, the major company's achievement is in hydrogen fuel cells technology. Hyundai is the first company to mass produce its Tucson vehicles running only on fuel cells. The company is also planning to introduce a new generation fuel cell car in 2018, which brings the company ahead of competition in the field. The brand has opened several research and design centres around the globe. Apart from its Namyang research centre in Korea, the brand has opened several research centres around the globe. In 2016, it spent 2352.2 Korean Won on research and development which was higher compared to its R&D expenditure in 2015

4. Low cost to drive and durable cars: Hyundai cars are well-made. The company provides 5 year guarantee for any new car sold, which is one of the longest and best covered guarantees in the industry. The company is able to offer such guarantee because Hyundai produces quality cars. Hyundai's cars have been awarded by numerous rewards as 'the best cars money can buy' and 'the best residual value' cars. This means that Hyundai vehicles do not depreciate as much in value as other cars and can be resold for the higher prices. The brand has a large and varied product portfolio that caters to various customer segments from various income groups as well as tastes. Apart from the passenger cars, small family cars and SUVs, the brand also makes MPVs, eco friendly cars and the Genesis brand cars. Elantra, Sonata, Santa Fe, Tucson and Creta to IONIQ the brand sells a

large range of highly popular vehicles. This product portfolio is meant to suit the pockets of a very wide customer base from those who want small cars of family use to those who want luxury cars and SUVs.

5. Global Presence: Global presence of the Hyundai brand is also an important strength. The brand and its sales and distribution network is present globally from Brazil to North America. Its suppliers are scattered around the world from China to North America. It also makes vehicles locally around the world to reduce its manufacturing costs and keep product prices under control.

6. Strong hold Asian markets -: The brand has grown highly popular in the Asian markets. Its China and India factories produced the highest number of vehicles in 2017. Its new Hyundai Creta SUV was highly popular in the Indian market. Several other small family car models like i10 and i20 have also achieved very high level of popularity in the Indian market. While Asian market are its strong hold, some of its models have been popular in the US market too. Its Elantra and Sonata models are popular in US apart from Santa Fe. However, the sales of these models saw a decline in 2017. On the other hand, Asia is the biggest market for Hyundai where it sold more than 1.88 million vehicles in 2017. Asia sales represented 38.4% of the brand's entire sales worldwide.

7. Strong manufacturing capabilities and distribution network -: Its Ulsan plant in South Korea is the single largest automobile manufacturing plant in the world. It also has manufacturing plants in US, Brazil, Russia, China and India. Hyundai has built manufacturing plants worldwide for producing cars locally and to reducing manufacturing expenditure.

➤ **Weaknesses:**

1. Hurt image due to recalls -: Vehicle recalls can have a damaging effect on a brand's reputation. In 2018, Hyundai had to recall more than 44000 vehicles in US which was because of defect in the steering wheel. The recalled vehicles included Santa Fe and Santa Fe sports cross overs. Apart from the recalled vehicles in US, the brand also recalled around 8000 vehicles in Canada. Such recalls can hurt brand image and reduce the trust of the customers in the brand.

2. Low presence in the strongest U.S. vehicle market and no presence in Japan's vehicle market: The U.S. market is the leading vehicle market in the world with 21.5 million units sold in 2015 alone. The market has plenty of opportunities for such high profit vehicles as pickup trucks, electric and fuel cell vehicles. Yet, Hyundai wasn't even among the top 5 car manufacturers and sold less than 10% of the market units. Hyundai also has no presence in the Japanese vehicle market, after the company pulled out of it in 2009. This is a major weakness as Japanese vehicle market is among the top 10 vehicle markets in the world

3. Increased expenditure on marketing -: Due to the intense competition in the automotive industry, the brand's expenditure on several things including R&D as well as marketing has increased a lot. In 2016, its advertising and promotions expenditure increased to 2233 billion Korean Won from 2071.8 Billion Korean Wons in 2015.

4. Declining quality of company's management: Hyundai's revenue has been increasing over the last 3 years, yet at the same time, company's profit has significantly declined, highlighting poor

management of the company's operations. The decline of the company's profit margin has resulted because of the inefficient company's management and poor top management's decisions

Figure 2. Hyundai Revenue and Profit 2013-2015 (in KRW billions)

	2013	2014	2015
Revenue	91,959	89,256	87,308
Revenue Growth	3.03%	2.2%	3.4%
Profit	6,509	7,649	8,993
Profit Growth	-14.91%	-14.90%	-0.70%

Source: Hyundai's Financial Information

➤ **Opportunities:**

1. Timing and frequency of new model releases: The market share of automotive companies is significantly impacted by the timing and frequency of new model releases. Historically, the new models have tended to have major upgrades every 4 or 5 years, with only minor modifications in between. However, due to rising consumer expectations in relation to in-car technology and the competitive nature of the industry, there is an argument to release the upgraded models more frequently. Hyundai is well-positioned to be able to do this, with its current focus on R&D. The key will be its ability to cost effectively implement technology initiatives in order to maximize a competitive advantage.

2. Digitization and eco friendly innovation -: Automotive brands have several opportunities in terms of innovation. Digital technology offers new opportunities of increasing supply chain and distribution network efficiency. Apart from that investment in digital technology can also help improve the brand's production and sales network as well as after sales customer service. Increasing demand for eco friendly cars all around the globe is a major opportunity in itself. Investing more in development of eco friendly and low emission technologies can help the brand grow its popularity and sales faster.

3. Low fuel prices opening new markets for Hyundai: Currently, fuel prices are the lowest in a decade. This situation has encouraged consumers to buy big fuel-inefficient vehicles such as SUVs and pickup trucks. Hyundai, which relies mainly on the line of sedan cars, is at disadvantage in low fuel situation. The company has its own SUVs, which are smaller than traditional SUVs and has no pickup truck lines, which currently drive the automotive companies' growth in the U.S. The trend of low fuel prices is likely to stay and Hyundai could introduce wider range of SUVs or even consider introducing a line of pickup trucks.

4. Growing demand in Asia markets -: The demand for cars in the Asian market and especially family and passenger cars and SUVs is growing fast. However, not just Asia, the demand for cars has increased globally and apart from Asia Pacific and Europe, North America also experienced rising demand for cars. This presents a significant opportunity for car brands like Hyundai that can invest in better design and quality to bring cars as per the customers' changing preference.

5. AI and automated driving -: The race for automated driving is catching heat day by day. More and more brands are investing in AI and automated driving technologies to be their first. Hyundai too can invest in these areas to provide its customers with better vehicles and a better overall customer experience.

➤ **Threats:**

1. Heavy competition -: The most remarkable thing about the automotive industry currently is the intense competition. In this intensely competitive environment, the pressure to invest in upcoming technologies as well as marketing and skilled human resources is very high. The race has become quite tough making the entire affair costlier for existing brands while entry of new brands is next to impossible. Heavy competition also means more pressure related to customer retention. All of this results in higher costs and Hyundai has to invest much in product quality and marketing to retain its market share. Hyundai is faced with an ever increased competition from the traditional automotive companies and the new players. In China, the main company's market, new home based Chinese manufacturers are competing by offering lower prices and similar features. Hyundai's international rivals, such as Toyota, Ford, General Motors and Volkswagen, all have aggressively expanded in China, the U.S. and Europe's markets. New companies, such as Tesla with its electric cars, or even Google, which tries to build self-driving cars are also threatening the traditional automotive industry. The competition is further fueled by the fact that the global automotive production capacity far exceeds the demand. In 2015, there was an estimated global excess production capacity of 31 million units

2. Legal regulation and compliance risks -: The legal and regulatory environment around the world is growing increasingly tough. Compliance risks have grown and from labor to environment there are several areas where compliance risks have grown. Increased pressure of compliance also means that the brands may face higher fines for non compliance which can translate into losses worth Billions as happened in the case of Volkswagen in 2015. Many governments around the world are committed to reducing the greenhouse gas emissions and are encouraging fuel efficiency initiatives. There is always a risk that such environmental initiatives may increase production costs for the car manufacturers and that these costs won't be able to be recouped in such a highly competitive and price-sensitive market.

3. Currency fluctuations -: More than 50% of Hyundai's revenue come from international markets, which means that the company's profits and revenue highly depend on the exchange rates. Currency exchange rates are often volatile and depend on many factors, which Hyundai cannot control. Korean Won exchange rate has been increasing against other currencies in 2016 and may increase significantly over the next few years. This scenario would result in lower revenue and profits for Hyundai. Currency fluctuations coupled with slower than expected recovery in several markets like Brazil, Russia, Africa and the Middle East also led to lower demand. These threats affect sales and revenue of Hyundai. [6][11]

Genesis has a strong company plan and has been given significant, long-term product development and management resources. Our initial impression is that the brand communicates a high-end persona of luxurious vehicles. To succeed, Genesis needs strong execution, patience to weather the mistakes and adjustments that will inevitably need to be made along the way, and the ability to

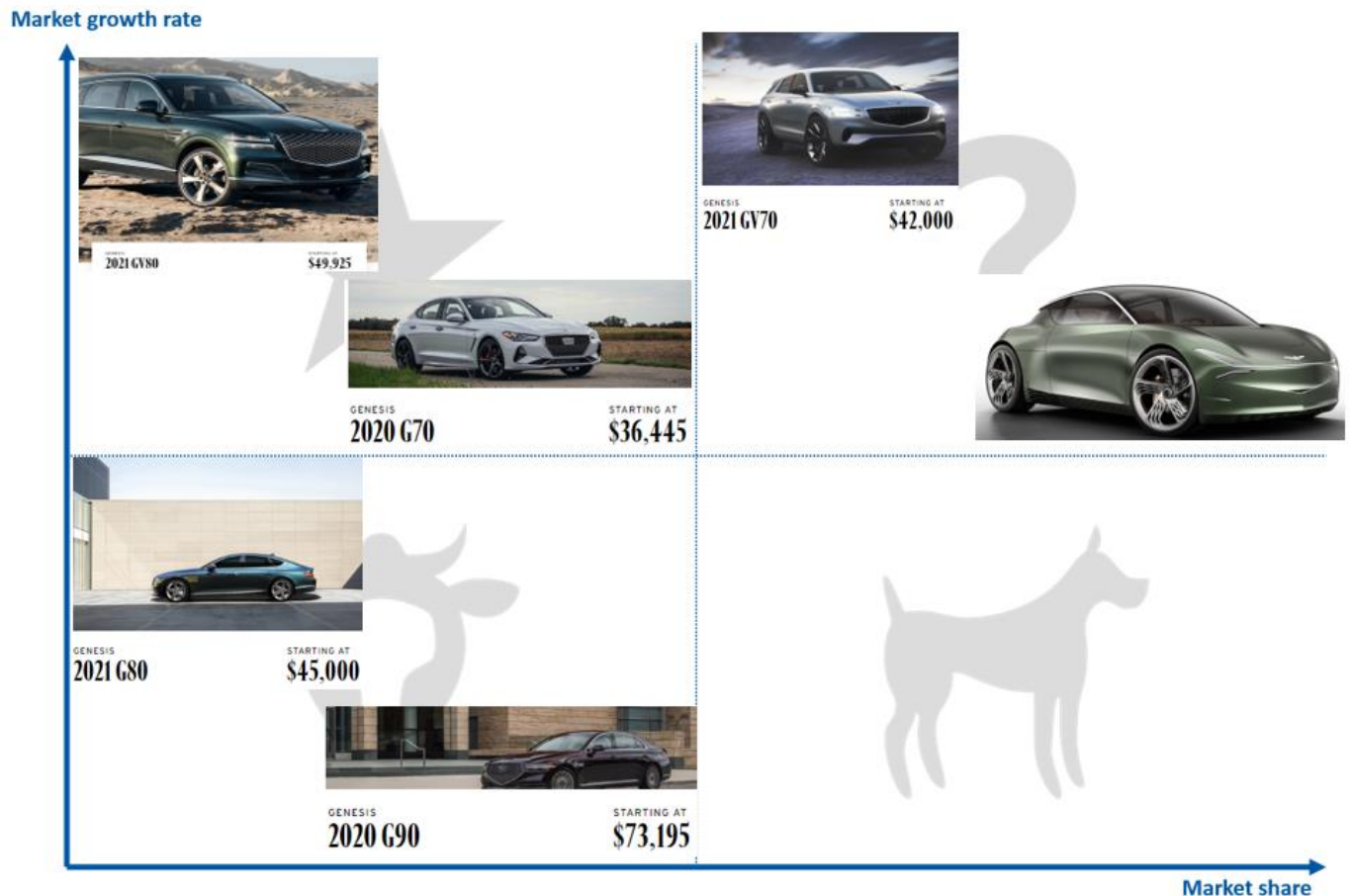
deliver consistently over several product generations – products that will also need to continue to improve in terms of execution and hitting the mark with consumers.

Among the weaknesses at launch is the sedan-only product range and, to a lesser degree, that the vehicles are evolutions of existing Hyundai products. The G90 is a significant departure from the Equus, but it is an evolution of an existing product. Although Genesis will introduce SUVs relatively quickly, SUVs are the growth segments within luxury and mainstream segments, while sales of sedans are under pressure. However, this approach also gives the brand the chance to make the most of what is a slower launch. Between now and when the first products arrive that are truly developed by the new Genesis leadership, the brand can further refine and deliver its message, the services that are so critical to being a luxury brand, and its product execution.

IHS Automotive currently forecasts the brand will see sales reach about 69,000 units in 2021, with a full product range on offer. This will put Genesis among the lower-volume premium brands in the US, but it will also be a higher volume than those of Porsche, Jaguar, or Alfa Romeo. Globally, we forecast the brand will see volumes reach about 195,000 units in 2021. IHS Automotive forecasts that the Genesis brand will draw most of its global sales from South Korea, with the US volume closely behind that of the home market. Outside of those markets, which will deliver 75% of Genesis sales, no single country is forecast to provide more than 6% of sales. [7]

7. MARKET RESEARCH

7.1 PRODUCT – BCG MATRIX.



The well-established sedans G80 and G90 are the ‘cash cows’ of Genesis, the launch of the sport sedan G70 was a complete hit, winning multiple international awards and becoming an immediate ‘star’ for the brand. Genesis is preparing for the introduction of its first large SUV, the GV80, the success is guaranteed because this is the segment of the market with more demand and the product is astonishing well executed.

The 2021 Genesis GV80 SUV was revealed last January and already it's proving to be a huge success. While the auto industry at large might be experiencing a sales slowdown due to the ongoing pandemic, this isn't the case for the South Korean luxury brand's new flagship SUV. Speaking to Roadshow, Genesis CEO Mark Del Rosso confirmed the company has taken almost 10,000 reservations for the GV80 ahead of its market launch this summer. "We're in perfect position from an inventory perspective," he said. "The reality is we're probably going to be one too few," meaning GV80 demand appears to be even higher than originally expected. It's not exactly a bad problem to have. As for the updated G80, Del Rosso said there are roughly 1,500 reservations so far following its debut at the end of March. But it's the GV80 where the brand has clearly hit a home run. Not only does it look great inside and out, but its pricing undercuts its main rivals, such as the BMW X5, Cadillac XT6, and

Lincoln Aviator. All three carry a starting price tag above \$50,000 while the GV80 can be had for as low as \$48,900. This will get customers a mid-size luxury SUV with standard rear-wheel-drive, a 2.5-liter turbocharged inline-four with 304 horsepower, and a standard 14.5-inch infotainment screen. A full-loaded GV80 3.5T Advanced + with AWD will start at \$65,050, which is still a very reasonable price compared to similarly equipped competitors

Later on, in 2021 Genesis will introduce the GV70 SUV, based on the sedan G70, at this point there is no many details to really assess if going to perform well. There is information that Genesis is also working on a small electric city car, based on the Mint Concept, to be introduced any time between 2022-23.

The brand has already begun selling a small selection of four-door sedans in key markets worldwide, including the United States. But in preparation for expanding their offerings to a full range of vehicles, they are working on determining their unique brand identity. One core way in which this is accomplished is through the design of their dealer showrooms, as this is one of the key touch points between consumers and the brand. Genesis has now gone some way toward achieving that identity with their first stand-alone store, in Seoul, designed by renowned architect Rem Koolhaas's Office of Metropolitan Architecture (OMA).



7.2 PLACE – RETAIL STRATEGY

Since launching in 2016 – without a dealer network – Genesis Motors has focused on building a disruptive brand to compete against heritage players. But now the Hyundai-owned co. is looking to become more product-led as it prepares to face competition in new models, with the impending launch of crossover SUVs. With top of the art new dealers and the concept of ‘Genesis Concierge’, it is ready to captivate the wealthy luxury focus customers.

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When you get connected with a Genesis Concierge, you gain an advisor who is invested in your needs. A genuinely interested person who takes time to get to you know you and ensure a fluid, totally customized car shopping experience. And when you're ready to take the next steps towards bringing home a Genesis, your concierge will facilitate a seamless journey towards owning one.

Every Genesis Concierge is empowered to help you in a myriad of ways. Including scheduling test drives*—starting at your front door in many markets—and liaising with your local Genesis Retailer on your behalf.

Genesis Concierge services are a part of Genesis Cares, a new initiative that focuses on efforts to put you first in every way. From innovative financial options and special payment deferral programs to straight to your door programs like Service Valet, Genesis Cares is our way of being there for you whenever you need us. [8]

7.3 PRICE STRATEGY

Being a luxury focus brand, Genesis price strategy is skimming. Genesis offers great bang for the buck compared to other premium brands and can compete with the best in terms of performance, features and comfort.

Genesis Motors will own the inventory and the dealers will conduct transactions on the original equipment manufacturer's (OEM) behalf. They will bring a vehicle to the customer, who will purchase through Genesis Motors. Dealers will be compensated on each sale. Initially, about a dozen Hyundai dealers will participate; ultimately, by the time a network of Genesis stores is established,

Meanwhile, Genesis at Home will be complemented by boutique sales locations in select malls and downtown locations

"It's like a hybrid between leveraging our current dealer body and having a program where the OEM sells direct,".

Industry analyst Chris Travell, of Bond Brand Loyalty, notes the growth and profitability of the luxury market, but cautions: "The challenge for Hyundai is that they will be attracting customers to the brand who have never been there before. They come armed with expectations from other luxury makes and if the brand doesn't deliver, Genesis will quickly be dropped from the consideration list.

Keeping this sales momentum is critical for Genesis as it continues to disrupt the luxury market, and its just-announced Genesis Concierge program comes at exactly the right time. With its range of personalized services, the program makes the buying and delivery process extremely easy.

Customers will be aided by a personal shopper who can answer any questions regarding vehicles, trims, pricing, and warranty information. Private home test drives delivery can also be arranged so that customers never have to set foot inside a dealership showroom.

“The concierge sales strategy is an interesting development,” Travell adds. “Customers don’t want their time wasted and, if Genesis can get this right, it could help attract customers to the brand. There will be challenges getting this to work at the dealership level since dealers will certainly want to be compensated for their efforts but it has the potential for making the brand stand out.”

A key second element of this experiment will be fixed, no-haggle, all-inclusive pricing: “One transparent price [that] eliminates all the extra charges and fees found at the dealer level, including destination and delivery charges and admin fees,”. “We’re taking the whole negotiation out of the equation and allowing the dealer to focus on selling the brand and the car.” [9]

7.4 PROMOTION STRATEGY:

Genesis will use a pull strategy and focus its marketing campaign on the use of digital media because its focus are generation Y and X.

Q: What does your current marketing mix look like the, and how has that evolved over time with the prevalence of digital?

It's a very good question and I don't believe that there is one straightforward answer to that because again, it depends on the markets. Where you have sometimes markets which have a great maturity in terms of digital — with others where you have less, and more affinity for print. So it changes.

So, OEMs, producers like us, we do face the challenge that we have to pay attention to all channels and serve all channels — and that's what we're actually doing, depending on the market and the products that we are bringing to the market.

I think content marketing is the only way to get the message out there in the right way. I actually don't believe in advertising as such. I think those times [of traditional advertising] are gone. In this day and age, it's all about telling your story, creating content and creating good, quality content which resonates with the people out there — so therefore, these platforms which do that successfully and with quality, are definitely the way to attract and engage audiences.

Genesis Executive Vice President & Global Brand Head Manfred Fitzgerald in interview for TIDLRS. [10]

30 percent of Genesis G80 and G90 conquests come from the Lexus brand, according to Wards Auto. That’s double the number Genesis has grabbed from BMW, the next-most-often conquered brand, and nearly triple the number of conquests Genesis has gleaned from Cadillac and Mercedes-Benz.

“We don’t think that people are going to turn the switch and suddenly forget about other brands and flock to us,” Genesis Motors general manager Erwin Raphael told Wards. But if Genesis can attract the attention of buyers, “a decent percentage of them will choose us and that will be enough for us to be very successful,” Raphael says.

8. CONCLUSIONS AND RECOMMENDATIONS

Genesis has a strong plan and has been given significant, long-term product development and management resources. Genesis needs strong execution and patience to weather the mistakes and resulting adjustments that will inevitably need to be made. It will also need the ability to deliver consistently over several product generations – products that will need to continue to improve in execution and hit the mark with consumers, as well as an SUV or two. While those products are coming, the success of the brand's efforts may be somewhat limited without them.

Building a luxury brand from scratch will take time. Indeed, it will take more time than it ought to because Genesis is way behind the SUV/crossover trend. Acura, Audi, Cadillac, Infiniti, Jaguar Land Rover, Lincoln, Porsche, Volvo, and indeed Lexus all sell more SUVs/crossovers than cars. U.S. sales of premium brand SUVs/crossovers are up 6 percent in early 2017, claiming 57 percent of the overall premium market, up from 54 percent in the first five months of 2016. With its limited all-sedan lineup Genesis is not well positioned to capitalize on the current SUV/ CUV craze, although vehicles that fit these segments are in the pipeline. As a relatively new brand, Genesis also struggles for name recognition among other premium players with years in the market. Many consumers are not even aware of the brand and what it has to offer.

Hyundai's luxury brand earned a prominent third-party endorsement when for the first time Genesis topped J.D. Power's 2018 APEAL study, surpassing German luxury-performance icon Porsche. The APEAL study (which stands for Automotive Performance, Execution and Layout) "measures owners' emotional attachment and level of excitement across 77 attributes," ranging from performance to comfort, and asks nearly 68,000 owners of new 2018 models to score vehicles on a 1,000-point scale. In its second year ranked as a stand-alone brand, Genesis earned an APEAL score that bumped it up 15 points to 884 and helped push it past Porsche — and past BMW, Lincoln, Mercedes-Benz, Audi, Volvo, Cadillac, Land Rover and Lexus, in order of ranking. Genesis also topped J.D. Power's Initial Quality Survey (IQS) for the first time last year. And both its models were awarded Top Safety Pick Plus ratings by the Insurance Institute for Highway Safety, among 11 Plus ratings in all for Korean vehicles.

People don't want to buy their Lexus at a Toyota retailer or their Genesis at a Hyundai retailer. The right cars are crucial, obviously, but the buying process is as important. It doesn't help that parent company Hyundai decided to set up a limited number of separate Genesis dealerships after initially selling the brand through existing Hyundai dealers, before pulling an about-face and opening franchises to all Hyundai dealers after frustration and confusion over the rollout strategy. The dealership issue definitely needs to be solved at some point as well, since consumers who want a luxury experience don't want to be funneled through a non-luxury brand.

What Genesis needs to do is continue to build brand awareness and points it is known for, whether that is value, performance, etc. As the product portfolio expands, then they can start to worry about sales growth.

9. APPENDIX

- [1] Wikipedia. https://en.wikipedia.org/wiki/Genesis_Motor
- [2] <https://www.genesisofnorthaurora.net/compare/genesis-competitive-comparisons.htm>
- [3] Statista. <https://www.statista.com/statistics/287620/luxury-vehicles-united-states-premium-vehicle-market-share/>
- [4] CarSalesBase <https://carsalesbase.com/us-genesis/>
- [5] Carbuzz <https://carbuzz.com/news/genesis-not-competing-for-snoobs-who-buy-german-cars>
- [6] <https://notesmatic.com/hyundai-motors-swot-analysis/>
- [7] IHS Markit <https://ihsmarkit.com/research-analysis/genesis-luxury-brand-sets-out-strategy-as-it-launches-in-us.html>
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