

# Toyota Challenge Participant

*How can we make vehicle ownership more attractive to Millennials?*

May 2015



Toyota

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## CHALLENGE PROMPT

In recent years, the number of young consumers buying cars and driving in general has declined significantly. There are many reasons for this decline, including but not limited to:

1. Affordability - many young people can't afford the purchase and maintenance costs
2. Location - Cars are less practical for many urban dwellers
3. Alternatives - Public transit, ride-sharing services, and other popular alternatives have replaced driving for many young people
4. Technology - Youth are likely to spend time and money on smartphones, tablets, laptops that provide an alternative form of entertainment, engagement and connecting.

We are interested in figuring out ways to make vehicles more appealing for those at a stage of life where buying a car is an option.

Please complete the following:

- 1) What is the biggest challenge that prevents a younger audience from connecting with car companies?
- 2) Propose a way to make vehicle ownership/driving your own car more appealing and attainable for young people.
  - Your solution can include general vehicle features that young people may want to see in vehicles to make them more appealing
  - branding/marketing ideas
  - business model changes to make driving & car ownership seem more attractive.
- 3) Why do you think your solution will work with younger drivers? Explain how it will help trigger the desire to own a vehicle and/or drive for this target population.

### Criteria:

By submitting a Solution to this Challenge, you agree to sign, without compensation, any additional documents requested by Challenger to confirm the assignment to Challenger of worldwide intellectual property rights in perpetuity in your Solution. You understand that the Challenger may have its own internal developments that may or may not be similar to your Solution, and you will not bring any claim against Challenger or its affiliates arising from any use of your Solution or any idea identical to or similar to your Solution. You understand that Challenger is not obligated to use your Solution.

## STATISTICS

270 total participants    5 winners awarded \$150 prizes    5 honors awarded \$50 prizes

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Alex Mai

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## PROPOSAL

1. The biggest thing that prevents a younger audience from connecting with car companies is the price. It is widely known, especially amongst college students, that young people want cars; they want the accessibility and mobility to get from point A to point B without having to get out of their way to get to their destinations. But it's hard for young people to prioritize car ownership if it requires a large amount of money to acquire it.

2. To make acquiring a vehicle more appealing and attainable for younger audiences, you can lower the prices of vehicles yet continue to make the cars stylish. I know that in most car ads today, there is a lot of emphasis on quality customer service--on being "taken care" of--but if someone cannot afford the item, he or she will not even bother to care about the excellent customer service that they will receive. Moreover, the monthly financing options that gets marketed highly doesn't play a huge role because we all know how to do math; it's not that hard to calculate interest and how much we'll actually be paying over time. Thus I think that making vehicles more affordable yet stylish will increase sales for the younger audience.

It is also important to take into account the durability of the product. Most young people, as you noted, have difficulty in finding the money to pay for cars. A simple solution to that is the promise of warranty and satisfaction that if anything happens, he or she is covered. The younger generation tend to use the car a lot, and it will definitely wear and tear. I know most cars already come with warranty, but you could make the warranty longer for the younger generation. This will give the younger generation a sense of security and comfort in an unlikely event that may result in damage to the car.

3. I think that this solution will work with young drivers because it has seen success in the past. Take for example the Ford Fiesta. In order to produce the Fiesta, Ford took in young people to survey how much they thought the car will be sold at; they guessed around \$50,000. But in actuality the car sells for around \$15,000. The participants thought that the car would be expensive because of how sporty it looked. So I think that making a car that is specifically targeted for lower-end buyers will result in higher sales.

While you are considering that, it is also important to take into account customer loyalty. Researchers Jihye Park and Leslie Stoel discovered that people who frequent a particular brick-and-mortar store are more likely to shop on that same company's website. The implications of this is that people are loyal to the companies based on word-of-mouth or prior experience, and that companies can increase customer loyalty by advancing their reputations. No one would want a car from a company that's known to have a lot of issues. It creates unnecessary unease and will deter people from buying it. Thus, to combat this perception, a car company must be able to have excellent products that don't break apart, and even if they do break apart, they need to have an excellent service system (which might help make the younger generation happier and more likely to purchase your product).

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