

User Experience Research Report

Hot Hatch Competitive Analysis

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Introduction

Hot hatches are high-performance versions of hatchback cars that have been increasing in popularity due to a large customer base interested in the practicality and performance. Many companies will sell various versions of their hatchbacks (e.g. 2019 Golf S, E-Golf, Golf GTI, and Golf R) but I have chosen to focus on the hottest of hatches meaning the highest performance model of each hatchback. I will be using a method called competitive analysis which allows you to compare your product amongst competitors to find your strengths and weaknesses.

I am conducting this research as a UX researcher for Hyundai trying to figure out ways to modify the next generation of the Veloster N. This competitive analysis will give a better understanding of who our users are and what they want out of a hot hatch. The questions I will be attempting to answer are “Why does someone buy our hot hatch over competitors?” and “What is it that Hot Hatch buyers value?” These questions are extremely important because it will set up a robust customer value proposition in which our product should align with to be successful.

Methods

Competitive analysis is an appropriate method because we are in the exploratory stage of development of the new generation of the Veloster N and this would help us achieve the goal of answering our research questions. I started by asking some fellow car enthusiast friends which Hot Hatches they thought would be good competitors to the Veloster N as well as using my knowledge and additional research to find the competitors. While looking at Tier 1 options, I wanted to find hatchbacks that were very similar and direct rivals to the Veloster N and chose the Golf R and Type R. With the Tier 2 option I went with a Miata because a coupe was very different from a hatchback but this surprisingly could be a competitor to the Veloster N for any car enthusiast because they share a few similar traits. Lastly, for Tier 3 I chose the S1000RR, because in rare cases a sportbike might be a rival for someone who would have bought the Veloster N as a toy to drive aggressively with no interest in the practical options it has to offer.

Before creating my categories to compare and contrast I watched some reviews on the cars and looked at forums to see what aspects of the cars that others found important. While creating my competitive analysis chart I decided to use the categories of fuel economy, enthusiast specs, practical specs, aesthetics, speed, success metrics, overview, and key points. I chose these because these were categories that I could find information throughout all platforms and addressed some of the main reasons someone would be interested in a hot hatch.

Summary

Our results reveal that the new Veloster N has some ways of standing out from competitors. However, through competitive analysis we were able to find areas that could use improvement.

Key Findings

Brand Loyalty

While comparing all of these vehicles it was apparent that VW, Honda, BMW, and Mazda have done a great job of building an enthusiast background with previous vehicles. Hyundai, on the other hand, had one sporty car in their portfolio before the Veloster N which is a huge problem. To fix this Hyundai should stay persistent with enthusiast cars and understand while it might not be profitable at the moment building enthusiast customers will keep them competitive in this market long term.



Price for Performance

Another key finding in our analysis was the generous price to performance of the Veloster N. While looking at the performance of the cars they all were praised for their phenomenal handling, braking, and power. However, the Veloster N typically seemed to be slightly behind the others. While looking at the big picture the Veloster was without a doubt the best price for performance with an MSRP 27% lower than the other hot hatches. I believe that this shows that the next generation should be priced differently which I will get into more in the next key finding.

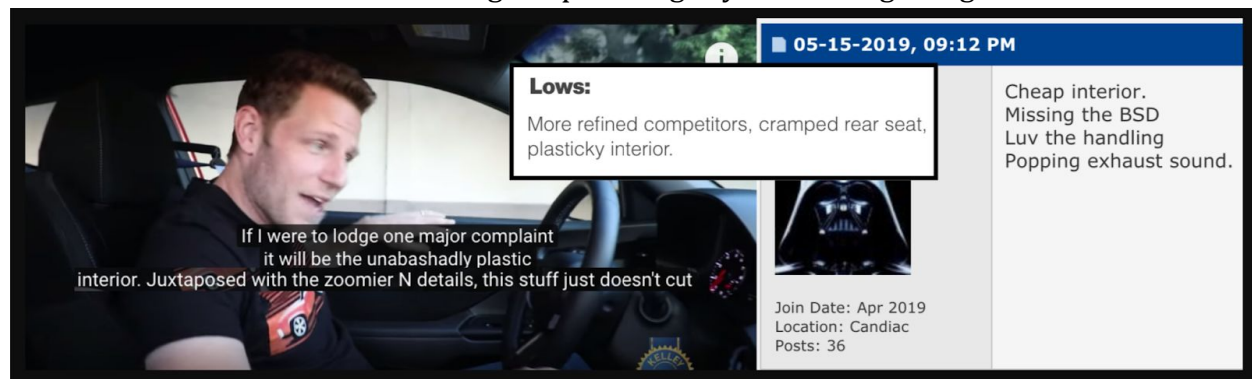
Submodel Pricing

I think one of the most important findings of this comparison was the price differences between the top tier and the 2nd tier of each car. While looking at the Golf and the Civic there was a 30% drop in price to the second-highest tier whereas the Veloster only dropped 10%. This made me look even deeper into the difference between the two models to find there really wasn't that much. I think this is a big problem because. Hyundai

is missing the opportunity to compete with other hot hatches because of the restrictions it has on price. The competitors have already set a high price on what top performance looks like. I think we need to increase the price in order to fix some of the other flaws we have found in this analysis.

Interior

While comparing the Veloster N to rivals it was very apparent that the interior was lackluster. This was one of the few negative things that people had to say in almost every forum, blog, and review of the car. I looked at the rivals to see if others were complaining about the interior but it was much less than the Veloster N. For example, I found one review that didn't like the piano black trim and the cosmetics of the seats in the Golf R. When I researched this more I found that these were traditional styling components of the golf and majority of people liked the interior of the golf R. Interior styling is subjective but there is an overwhelming disfavor of the interior compared to competitors. I know that this car is significantly cheaper than the competitors but since this is the highest trim model of the car I think it warrants increasing the price slightly to fix this glaring flaw.



What we can learn from Tier 1 and Tier 2 - Pick A customer

Both the Miata and the S1000rr are very different from the hot hatches that are primarily being compared but they share certain attributes and specialize in what they do great and have been extremely successful. For the S1000rr it is the complete definition of speed with little practicality. When looking at the S1000rr's target customer it's obvious that they wanted to reach the luxury speed demon but is one of the most sought after sportbikes on the market. In addition, at first glance the Miata doesn't seem that fast or practical but somehow has been claimed "the best sports car of all time." Why is this? The Miata was a rebel in the sense that it showed that sport cars were not all about speed and decided that handling and an overall fun experience was more important. This was different and people loved and embraced the corksy personality of the Miata.

Both of these examples show how picking a precise customer and tailoring the product to their needs will result in a more successful product than one that tries to capture multiple groups. With this being said I think the Veloster N needs to keep this in mind especially because they just created this new model and it already seems as if they are not sure who their customer is. In my opinion, the highest trim model of a hot hatch

should be for the customer that wants the absolute definition of perfection in every aspect of their hatchback that will drop jaws as it passes. Is the Veloster N that car?

Conclusion

Based on this competitive analysis we were able to see how the Veloster N stands against competitors. We found the main strength was the price to performance. The weaknesses included poor interior, lack of differences between submodels of the Veloster, and Hyundai's lack of car enthusiast loyalty. We also found that car enthusiasts value certain things making it important to understand who your particular customer is and to focus on how you can find a unique way of meeting their needs.

My first recommendation would be to make distinct differences between the Veloster N and the Veloster Turbo based on their target customer. I think the Veloster Turbo should be marketed towards the youth with an MSRP around \$25,000 and will compete in a different group. The Veloster N should have an MSRP around \$40,000 and should have increased performance and quality (e.g. 4.5 sec 0-60, AWD, high-quality interior) to compete with the top Hot Hatches.

These changes in performance, quality, and the price will completely change the value proposition that the current Veloster N was built on which will require a lot of research into this new customer. Once we have a good understanding of the new customer I would recommend finding unique ways of making our product more appealing. Is it a RWD hot hatch? A complete redesign? New tech features? I'm not sure but now is the time to start prototyping these as well as making the improvements based on what we learned on the 2019 and 2020 models. This way we will have plenty of time to iterate based on feedback and to make the next generation of the Veloster N the hottest hatch on the market.

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Appendices

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Competative Analysis	Tier 1 Golf R	Tier 1 Type R	Tier 1 Veloster N (Our Product)	Tier 2 Miata	Niche S1000RR
					
Key Points					
	Sophisticated inside and out, effortless performance, class-leading livability. (Practicality)	Impeccable turbocharged powertrain, razor-sharp handling, surprisingly comfortable ride. (Handling)	Quirky design, affordable performance, great steering and brakes. (Price for Performance)	Eager driving dynamics, rev-happy engine, open-air freedom. (Handling)	Tech that works, great engine, looks amazing, sweet handling (Speed)
Pro's	Pricier than the already great Golf GTI, stick-shift model is significantly slower than the automatic, too subdued for some.	Less than thrilling exhaust note, no mobile hotspot, hard to look mature in the thing.	More refined competitors, cramped rear seat, plasticky interior.	Bumpy ride over rough roads, noisy cabin, very little cargo room.	Power distribution, no 1100 option, unbranded brake calipers, expensive price tag
Con's	Exceptional performance, practicality, and quality at a high price.	For the Honda fan that wants phenomenal performance at a pretty high price.	For the hot hatch enthusiast that wants the most bang for buck, and doesnt care about big name brands.	For the mazda enthusiast that wants a super fun and practical car at a fair price.	For the speed demon that doesnt care about practicality.
Customer Value Propositon					
Overview					
Type	Hatchback	Hatchback	Hatchback	Coupe	Sportbike
Brand	Volkswagon	Honda	Hyundai	Mazda	BMW
MSRP Price	\$41,290.00	\$37,255.00	\$28,555.00	\$30,510.00	\$15,995.00
Submodel Overview	Golf GTI	Civic SI	Veloster Turbo	NA	NA
Price	\$29,515.00	\$26,155.00	\$25,400.00		
Price difference between models	-30%	-30%	-10%		
0-60	5.7 sec	6.7 sec	6 sec		
Success Metrics					
US Sales	4,223	4,100	1,437	7,753	9,576
% of Company's US Sales	1.20%	0.02%	2.70%	2.80%	7.30%
Car & Driver Rating	4/5	5/5	4/5	5/5	Motorcycleworld - 5/5
Edmunds Rating	8.6/10	8.2/10	8.3/10	8/10	Car&Bike - 7.6/10
Speed					
HorsePower	288	306	250	181	207
Torque	280	295	260	151	113
Curb Weight	3,300 lbs	3,117 lbs	3,036 lbs	2,337 lbs	458 lbs
0-60	4.5 Secs	5 Secs	5.2 Secs	5.7 Secs	2.7 Secs
Aesthetics "Subjective"					
Interior	7/10	9/10	6.5/10	8.5/10	NA
Exterior	8.5/10	9/10	8/10	8/10	9/10
Aftermarket aesthetic support	***	***	**	***	*****
Practical Specs					
Hatch/Trunk Space	22.8 (Cubic Feet)	25.7 (Cubic Feet)	19.9 (Cubic Feet)	4.6 (Cubic Feet)	NA
Drivetrain	AWD	FWD	FWD	RWD	RWD
Automatic Trans Option?	Yes	No	No	Yes	No
Enthusiast Specs					
Manual Trans Option?	Yes	Yes	Yes	Yes	Yes
Aftermarket Performance Mods	Medium	High	Low	Medium	Medium
Brand Loyalty	****	*****	**	****	****
Fuel Efficiency					
Highway	30 MPG	28 MPG	28 MPG	35 MPG	44 MPG
City	23 MPG	22 MPG	22 MPG	26 MPG	44 MPG
Range	304.5 Miles	272.8 Miles	290.4 Miles	309.4 Miles	202 Miles