

Consumer Behavior and Market Strategy
Group Project Assignment

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A perceptual map analysis of Volkswagen

1.Introduction

In this assignment we are going to conduct a perceptual map analysis of Volkswagen. Our research question for this analysis will be following: *Has Volkswagen gone from being the car that most of its customers associated with affordability, to become a more expensive brand?* To conduct the analysis we are going to collect our data through online documents such as press releases and reports, and also through conversations, survey and interviews with potential brand users.

Volkswagen is a German automaker that was established on May 28, 1937. Currently, they are world's leading manufacturers of automobiles, and also the largest carmaker in Europe (Volkswagen, 2017). Today, the company operates in over 20 European countries and 11 other countries in America, Africa and Asia. Volkswagen also owns other well-known car brands like their subsidiaries: Audi, Skoda, Seat and the major sports brands like Lamborghini, Bentley and Bugatti. For several years, Volkswagen has had the largest market share and been the best among its competitors for about seven years. Their biggest competitors are Toyota, BMW and Mercedes Benz, and the company must work hard to keep their position and their market share (Moberg, 2017).

The main goal when Volkswagen started to produce vehicles was to offer a good quality car to a reasonably price range. This meant that more people could seek the chance to buy a car and it was easier to be a part of the growing modern society. This was a huge revolutionary change for the society, especially after the second world war ended in 1945. After the war the factories was ruined at this period and time, but after a while when the sales started to increase, this lead people to be more mobile and flexible when they for example wanted to apply new jobs or to move closer where the job possibilities were (History [H], no date). The idea of offer an affordable car became a huge project that developed the Volkswagen Beetle. This vehicle became a popular and important factor for the community that helped to modernize and slowly associate it with hope, future and strength. This car had a strong engine and good standard, and this was very important because of the destroyed roads after the war ended. Throughout the years Volkswagen Beetle have been an icon and a people's car, even when other car manufacturers came and launched new car brands (Reynolds.E, 2012). This is

very impressive to achieve in an expanding car market.

Despite their success, they have created major headlines in the media for the last two years. In 2015 the company and their chief executive officer, Martin Winterkorn admitted that they had been cheating for years on emissions tests of its clean diesel (Smith and Parloff, 2016). Towards the end of the year it was announced that 147.139 cars in Norway was affected by the cheating (Ramsdal and Lygre, 2015).

2. Method

It is important to have basic knowledge of what perceptual process is before we are collecting data for our research project. Perceptual process is a three stage of how to collect informations from different audiences by using features like exposure; how to illuminate, attention; how to create interest and interpretation; how these interests are perceived (Solomon.M et al., 2016, s. 125-126). As marketers, we need to evaluate this process to understand the most accurate positioning for the object, so the perceptual map will be as correct as possible.

Before we start with the interviews, we have decided to divide the process into two parts. First, make a digital survey where we have both direct and indirect questions. The survey consists of 27 questions that are based on the most important qualifications the consumers are looking for when buying a car. The main purpose for this survey is to identify two dimensions and then collect the information we have received for the interviews.

The survey should be based on understanding consumers thoughts about the brand Volkswagen, and how they look at the brand compared to other competitors. With the results from the survey we should be able to set up a perceptual map and place Audi, BMW, Skoda, Peugeot, Mercedes Benz, Volvo, Volkswagen, Renault, Toyota and Ford, in relation to what the interviewees think about the quality and price of these automobile manufacturers.

The survey shows the most important elements of a car, and that is quality, price, design, environment and social conditions. The survey also shows that quality and price are the two most important dimensions when someone is considering buying a car. After we have received all the data from the survey, we will have an one to one interview with ten different

people where we want to use both qualitative and quantitative approaches to collect relevant data. We used a quantitative approach 'good at mapping' on the survey to find the main reasons for consumers when they wanted to buy a new car. We want to gather data from an entirely random population for the interviews, to get more different data as possible (contain enough variation). We did not have the opportunity or time to interview a large number of people, we had to do it this way because of the little time we had.

We will use a partially structured interview method to both create questionnaires with similar questions, but with an opportunity in the end, where it is possible for new input from the participants. In the interviews, we use both qualitative and quantitative approaches, the qualitative approach can be a good way of discovering new or existing phenomena 'discover', with this kind of approach, we can use open questions where we hope that participants will give us new information or build up existing information. This information can make it easier for us to place the different car brands in the perceptual map, especially if there are small variations between them. But since we will map the participants thoughts and perception of all the selected car brands, we have also included some questions that are more measurable to compare with the different brands. We wish to get information from all the selected car brands, so we can place both Volkswagen and their competitors in the perceptual map. (Ringdal,Kristen.2013)

Below we have some of the questions we will include in the interview:

1. How much would you spend on a car,if you were about to buy a new one?
2. What do you consider as good quality?(The aim of this question is either to confirm or come up with new suggestions on what definition of quality implies.)
3. What car brand do you think is suitable for everyone?
4. What do you think of the price of (specific car brand)?
 - On a scale from 1 to 10 where 1 is low priced and 10 is very expensive, how expensive do you think (specific car brand) is?
5. What do you think of the price in relation to the quality of the (specific car brand)? Is the car worth the price in terms of quality?
6. What do you think about the quality of the (specific car brand)? Please explain.
 - On a scale from 1 to 10 how good is (specific car brand) safety?

- On a scale from 1 to 10 how good is (specific car brand) driving performance from the different car brands?
- On a scale from 1 to 10 how reliable do you think (specific car brand) is?
- On a scale from 1 to 10 how much comfort do you think (specific car brand) has?

3. Results of the interview and the survey

In the figure below you will see data from one of our ten interviews. Here we have asked about price and different questions related to quality. The column to the right shows the average of all our quality questions. We felt it was correct to split up the term quality, since it is very unspecific. Many look at it a little different to what we want quality to represent, and therefore we chose to divide it into 4 elements such as safety, comfort, driving performance and reliable vehicle. Then we took the average result of these four to define the quality of the brand Volkswagen.

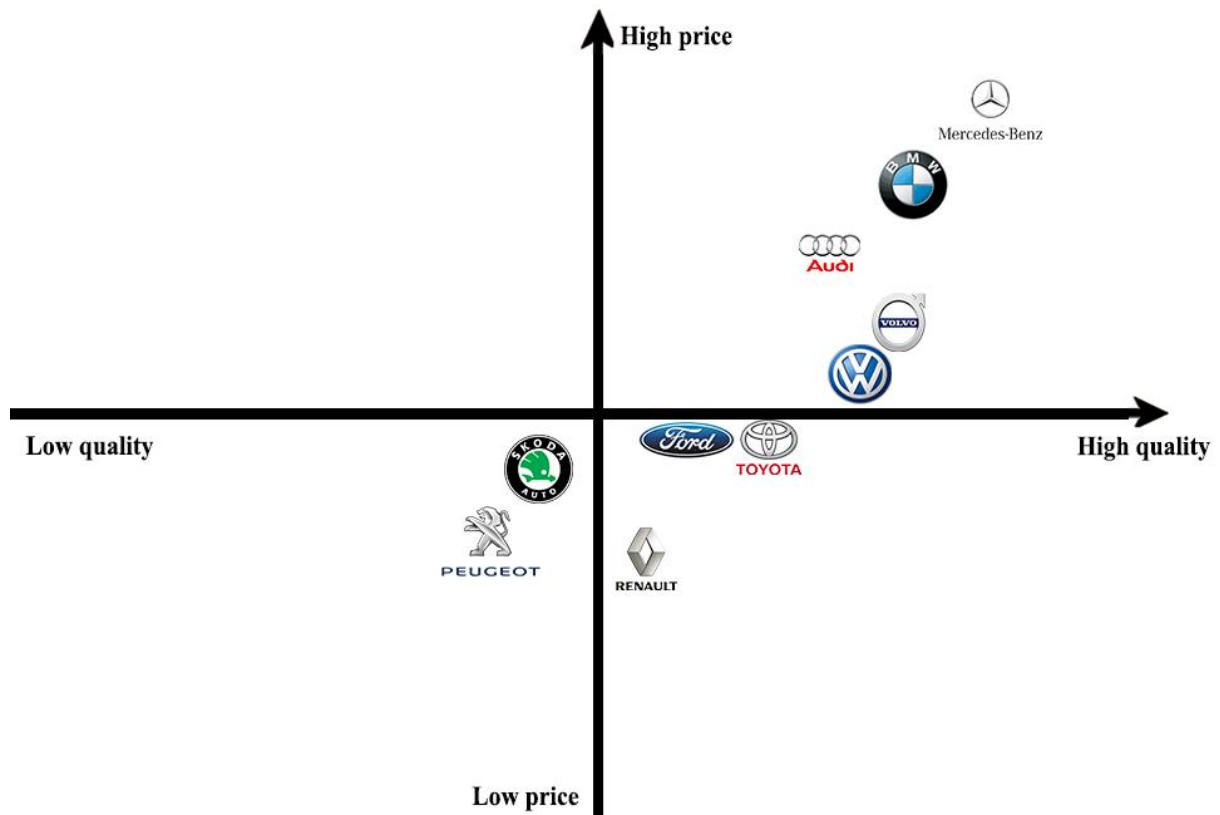
In order to get an accurate price as possible from the participants answers, we compared it with the other brands in the survey. And at the end, we finally had a couple of control questions in order, so the participants could have an opportunity to change their meaning and answer. It could be a little difficult to answer the first questions regarding the other brands without having any information to measure after, but we could go back in the interview if the participants felt they answered wrong or wanted to change their opinions.

Anonym: Age 50 -60 Gender: Male	Price	Safety	Comfort	Driving perfor mance	Reliable vehicle	Sum: Quality	Sum: 400 000	Average: Quality
Audi	9	6	9	9	6	30		7,5
Renault	5	7	6	6	5	24		6
BMW	9	8	9	10	7	34		8,5
Toyota	7	7	7	8	10	32		8
Volvo	8	9	8	8	7	32		8
VW	8	7	8	8	7	30		7,5
Mercedes	10	7	9	8	7	31		7,75

Ford	7	7	7	7	7	28		7
Peugeot	6	7	7	6	6	26		6,5
Skoda	5	6	3	6	4	19		4,75

Total 10 persons participated in research, of these was 60% female and 40% men. About 50% of persons who participated was younger than thirty years, 40% in fifty years, 10% between thirty- and forty years. The table below shows the total average for both price and quality for each car brand based on results we have received from the interview participants. In terms of quality there is not much difference between Mercedes, Volvo and Volkswagen, where they all got 7.5 points of 10. On the other hand we see a huge difference in price where Mercedes is associated as the most expensive brand with over 9.1 points of 10.

Car brand	Average quality	Average price	Average age	Gender	Average of
			21-30	Female= 6 Male= 4	Kr. 185 000
Audi	7,025	7,3			
Renault	5,7	4,4			
BMW	7,475	7,8			
Toyota	6,8	5,2			
Volvo	7,625	6,5			
VW	7,5	5,9			
Mercedes	7,7	9,1			
Ford	6,325	5,2			
Peugeot	5,575	4,8			
Skoda	5,35	5			



The perceptual map above is the overview of each car brand based on the result we have received from our interviews objectives. The map consists of two dimensions, along the Y-axis we have the price of the brand and the X-axis shows us which brands are low and high quality according to our interview participants. According to other researches made of Volkswagen and others perception of the brand we can clearly see that they have changed their position in the market. In 2014 another perceptual map analysis was made of the brand and at that time they were considered as a low quality and low priced car manufacturers (Bellanger, Sebastien, 2014). However, in our perceptual map the brand has moved over to be a more high quality car manufacturer with increasing prices and their main competitors are Toyota and Volvo. Further in the conclusion, we will suggest a strategy Volkswagen should use to maintain a strong position in the market.

4. Conclusion

In order to come up with ideas and suggestions for a good strategy, we want to use the features and elements within a SWOT analysis as a tool. We will perform a SWOT analysis of Volkswagen to look at the situation they are in, and also look into their strengths,

weaknesses, opportunities and threats in the market. The information we will use in this SWOT analysis comes from our perceptual map analysis.

Strength: In our perceptual map you can see the overview of features that are- beneficial for Volkswagen as a car manufacturer. One of Volkswagens strengths is that they are associated with being a high quality and low priced car brand. This is why they have a strong brand position, and have had a huge success throughout decades.

Weaknesses: Volkswagen have also some weaknesses as you can observe in the perceptual map, they have been an affordable people's car for years, but in modern time it seems they want to change their brand position to be a more trendy and expensive brand. For example like BMW, Mercedes and others, it seems they want to appeal to a new major group of audiences. That they are going from being an inexpensive brand to become a more exclusive one, and this could backfire them such as losing loyal customers, and losing their strength and quality of the brand name.

Opportunities: Volkswagen have many possibilities which can be read from their position in the perceptual map. Their brand value are rising upward, and that gives them steps ahead to focus on their brand quality and price, this can give them a big chance to achieve new potential consumers, now and in the future.

Threats: Volkswagen have many competitors, and more among them have the same or close by offers to the customers. And this kind of competitions will make it even more hard to attract the potential customers in the market.

With this information as brand managers for Volkswagen, we want to see which direction they should focus on to get even more innovative and have more success. As you can see from the information we have collected Volkswagen slowly have increased their prices, and is moving towards becoming a more expensive and exclusive car manufacturers like Audi, BMW, Mercedes and others.

After analyzing the results, we see that we should have interviewed a couple more because that would have helped us with more in depth and accurate analysis results. Based on our surveys and interviews, we noticed that consumers find it difficult to place Volkswagen in the

car market. Are they an low priced car manufacturer or have they eventually become more expensive and exclusive brand? We can clearly see that Volkswagen is heading towards a more exclusive and expensive market, but as their brand manager we believe that they should relate to their position and remain where they are today.

We think Volkswagen should have more focus on the consumer's feelings and associations as their marketing, and still focus on their known marketing, people's car. As marketers, we want to make campaigns that will express the ordinary family life where their surroundings get easier if you have a Volkswagen vehicle. The family economy is a central important element where they want everyone to know that most families or people with average income, can buy their good quality cars. The comfort of the vehicles are very good, and the driver performance is very comfortable, and the consumers will have a less stressful day.

As brand managers we would use short video clips to catch people's attention through multiple communication channels. The average adult is exposed to about 3500 pieces of advertising information throughout the day (Solomon:142,2016). Therefore it is important to do something that will catch your audience's attention so they will notice the message behind the advertisement. A suggestion on how we could introduce our short video clip is to make an agreement with the movie theater managers and use them as a platform to promote the brand. By promoting the brand in the cinema the audience do not have a choice and are almost forced to watch the advertisement. This will reach out to a large audience with different age groups.

Other measures we can do is to maintain the status of the "people's car" by segmentation. There are several different ways to divide a market, and the most important ways to do this is; geographically, demographically and psychologically. In this case, we find that it's most profitable for the brand to segment demographically, which focuses on consumers, their gender, age, income, stage in life and social class. As brand managers we will try to focus our marketing towards the social middle class. By doing this, we hope that Volkswagen reinforces/maintains their position as the people's car.

5. Attachments:

- Dimensional analysis: <https://goo.gl/forms/IgCqhFHwR3rm32D32>
- Interview result: https://docs.google.com/spreadsheets/d/1RN6n8itp8GIb-IYnZZQV7DRUZhNxUIgk6-yPfA0_Quk/edit?usp=sharing

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