



PORSCHE

Presented by

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Agenda



Agenda:

- Strength/Weakness Matrix
- Opportunities/Threats Matrix
- SWOT/TOWS Matrix
- 3 Potential Strategies
- Organizational Design
- Target Country & Balanced Scorecard

Strengths & Weakness Matrix

Strengths	Weight	Rate	Score
Reputation & Brand Image	0.2	4	0.8
Brand Extension	0.2	3	0.6
Motorsport Base	0.1	3	0.3
Loyalty	0.2	4	0.8
Weaknesses	Weight	Rate	Score
High Priced Maintenance	0.1	1	0.1
Price Point	0.1	3	0.3
Production Cost	0.05	2	0.1
Bad Stigma (Recalls)	0.05	3	0.15
TOTAL	1		3.15

Opportunities & Threats Matrix

Opportunities	Weight	Rate	Score
Intellectual Property Rights Legislation	0.1	1	0.1
Economy - Perfect for Vertical Integration	0.15	3	0.45
Income Distribution	0.1	3	0.3
Market for Fuel - Efficient/EV/Hybrid Vehicles	0.2	4	0.8
Total :	0.55		
Threats	Weight	Rate	Score
German Transportation Lacks Gov. Investment	0.1	3	0.3
Hesitant to Switch to Electric	0.2	2	0.4
German Culture Not in Favor to Material Luxury	0.1	3	0.3
Fewer Market Entries - Niche	0.05	3	0.15
Total :	0.45		
Overall Total :	1		2.8

SWOT Matrix

	Internal Strengths <ul style="list-style-type: none"> • Strong Brand Image (Reputation/Heritage) • Brand Extension 	Internal Weaknesses <ul style="list-style-type: none"> • High Priced Maintenance • Price Point • Vehicle Recalls
External Opportunities <ul style="list-style-type: none"> • Market Growth • Demand for Fuel-efficient automobiles (Hybrid or EV) 	Strengths & Opportunities <ul style="list-style-type: none"> • Larger outreach • Allowance into multiple open markets (Hybrid and EV vehicles) 	Weakness & Opportunities <ul style="list-style-type: none"> • Introduce new benefits and efficient features while maintaining quality control parameters.
External Threats <ul style="list-style-type: none"> • Growing Market of Low-Cost Competitors • Rapid Innovation & Growth by Competitors 	Strengths & Threats <ul style="list-style-type: none"> • Outperform competitors by maintaining quality and reputation. 	Weaknesses & Threats <ul style="list-style-type: none"> • Providing incentives (ex: vouchers) to confront against maintenance and recalls

Strategy 1

Allowance to multiple markets: Hybrid/Electric

- Diversify their targets
- Increase brand recognition in the electric vehicle industry
- Upcoming: 2020 Porsche Taycan
 - MSRP: \$150,000
 - Range: 192-201 mi battery only
- High performance luxury electric sports car
- New open market



Strategy 2

Introduce new benefits and features

- Porsche connect app "PLUS"
 - Check how much miles you have
 - Locks/Unlocks your vehicle
 - Turns on vehicle
 - Tracker
- Assist laning
 - Makes sure vehicle in the lane at all times

Benefits:

- More control of your porsche
- Active technology



Connect⁺

Strategy 3

Providing incentives (ex: vouchers) to confront against maintenance and recalls

Benefits:

- Bundling service packages when purchasing a vehicle
- Maintenance package for xx miles / xx years
 - Routine maintenance included with standardized parts vs high performance parts
 - Paid services per vehicle type
 - Fine tuning included

Quantitative Strategic Planning Matric		Strategy 1		Strategy 2		Strategy 3	
<u>Strengths:</u>	Weight	AS	TAS	AS	TAS	AS	TAS
Strong Brand Image	0.2	4	.8	4	.8	4	.8
Brand Extension	0.1	4	.4	3	.3	2	.2
<u>Weaknesses:</u>							
High Priced Maintenance	0.3	2	.6	2	.6	3	.9
Price Point	0.2	2	.4	3	.6	3	.6
Vehicle Recalls	0.2	2	.4	3	.6	3	.6
<u>Opportunities:</u>							
Market Growth	0.3	3	.9	2	.6	3	.9
Demand for Hybrids	0.3	3	.9	1	.3	1	.3
<u>Threats:</u>							
Growing market of low-cost competitors	0.2	2	.4	2	.4	1	.2
Rapid Innovations & growth by competitors	0.2	2	.4	3	.6	1	.2
<u>TOTAL ATTRACTIVENESS SCORE:</u>			5.2		4.2		4.7

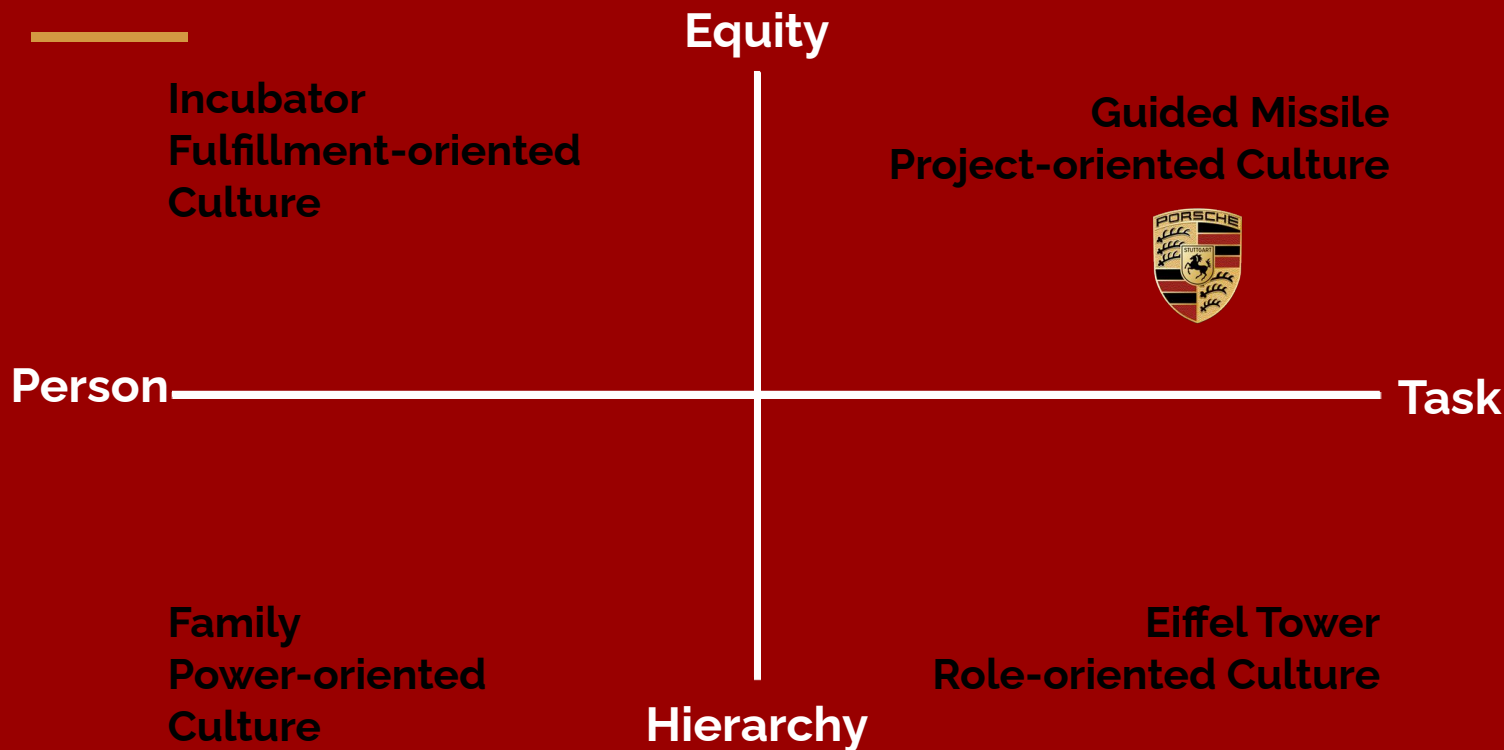
Final Recommended Strategy



Organizational Design

4 Basic Types of Corporate Culture

Wei Lau



What are Porsche's Core Values?

- Tradition



- Performance



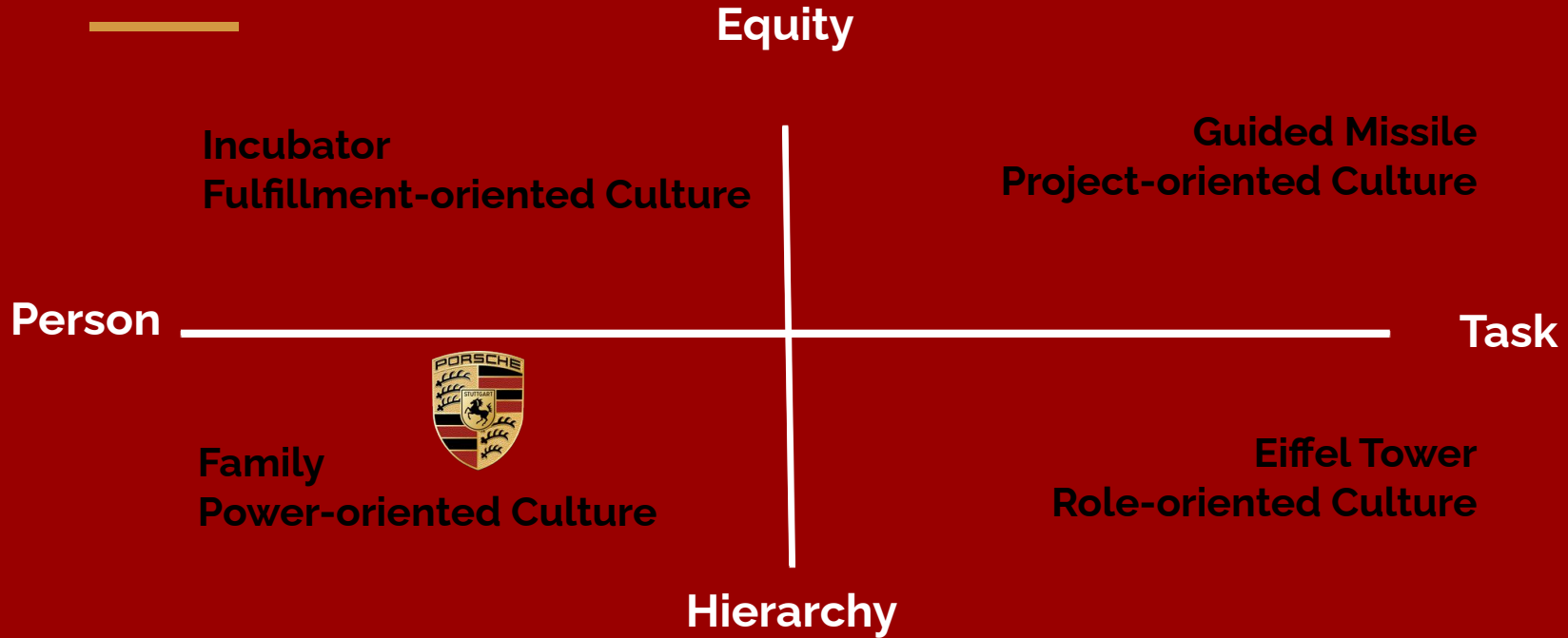
- Innovation



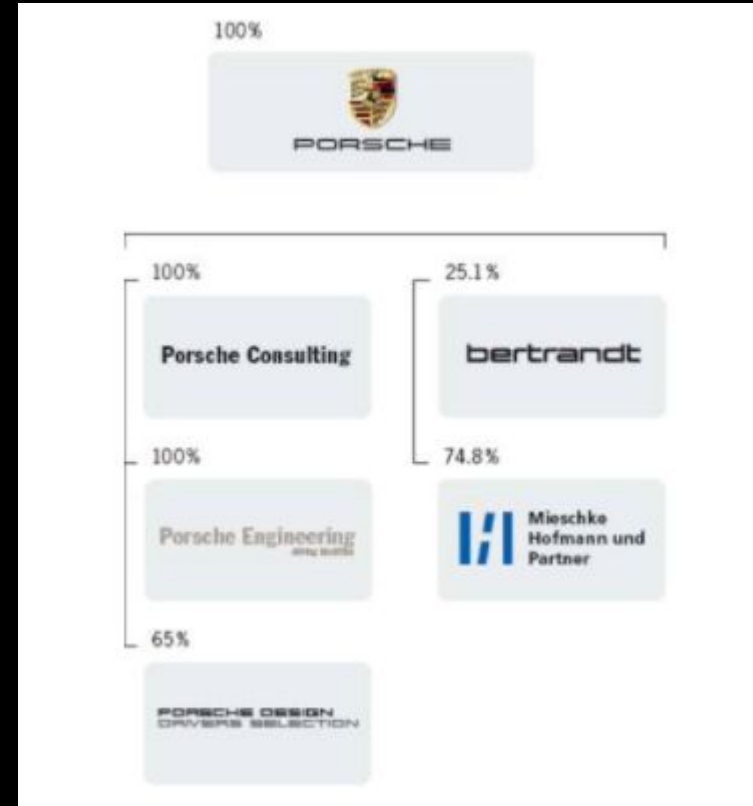
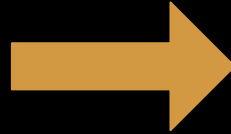
- Social Responsibility



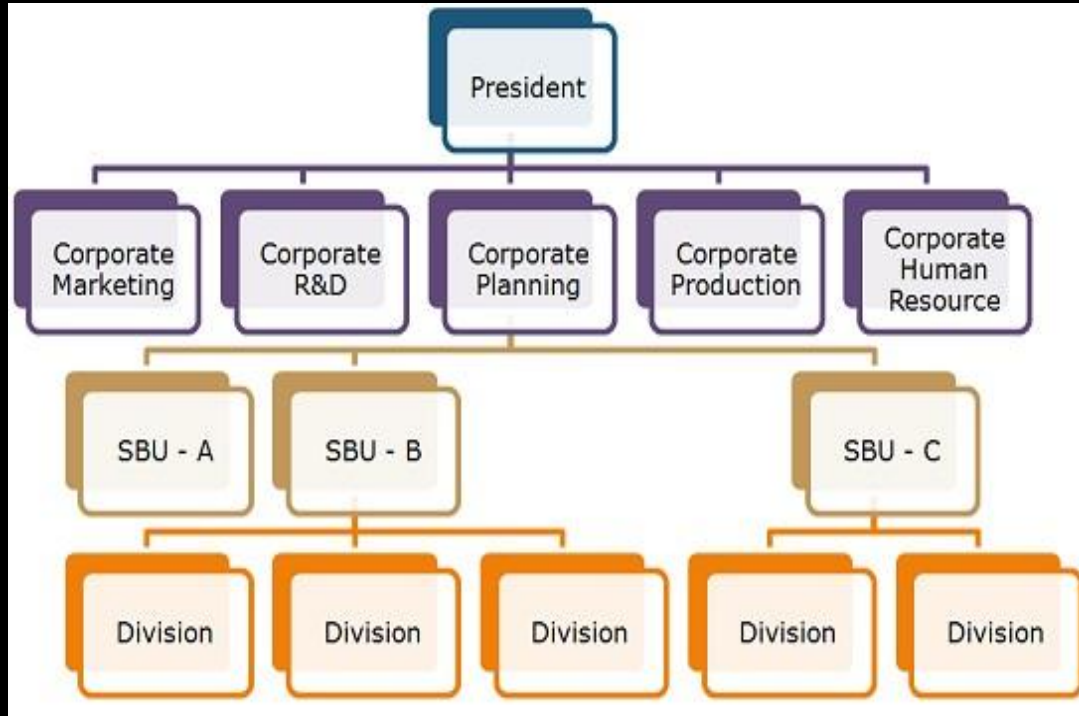
Proposed Shift in Corporate Culture



What is Porsche's Current Organizational Structure?



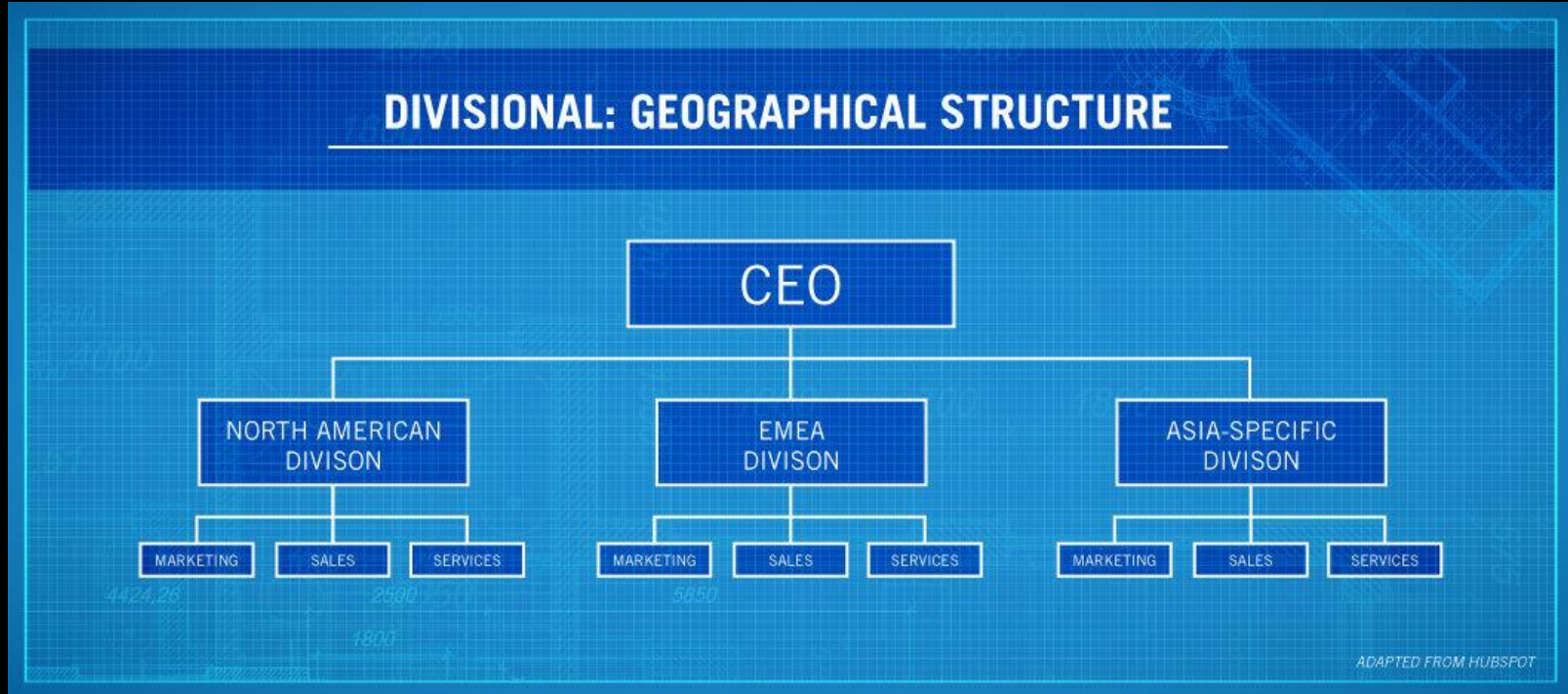
What is Porsche's Current Organizational Structure?



- **CEO Oliver Blume oversees corporate divisions.**
- **Those divisions oversee the different business units/segments and within them have different departments.**

Proposed Shift in Organizational Structure

- Move to geographical divisional due to the expansion into new target country.

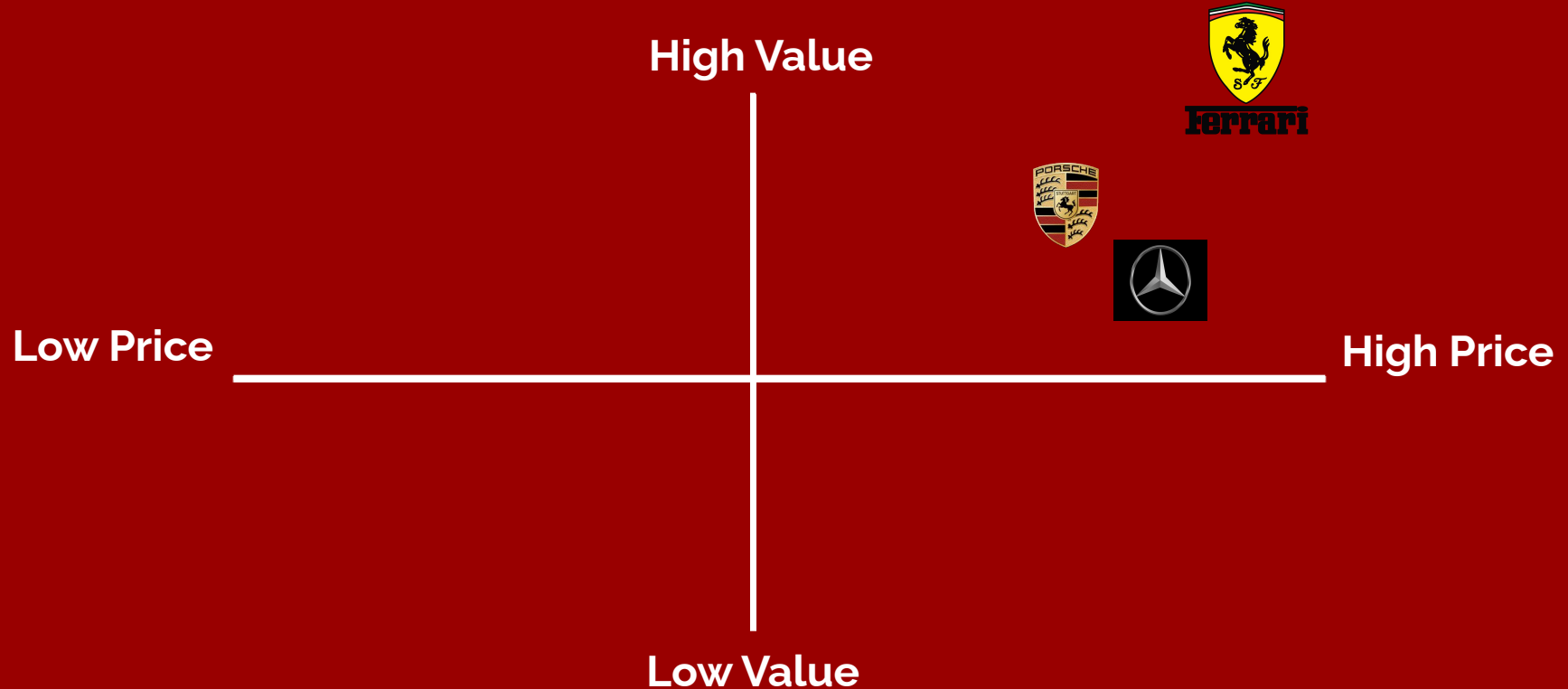


Product Positioning and Segmentation

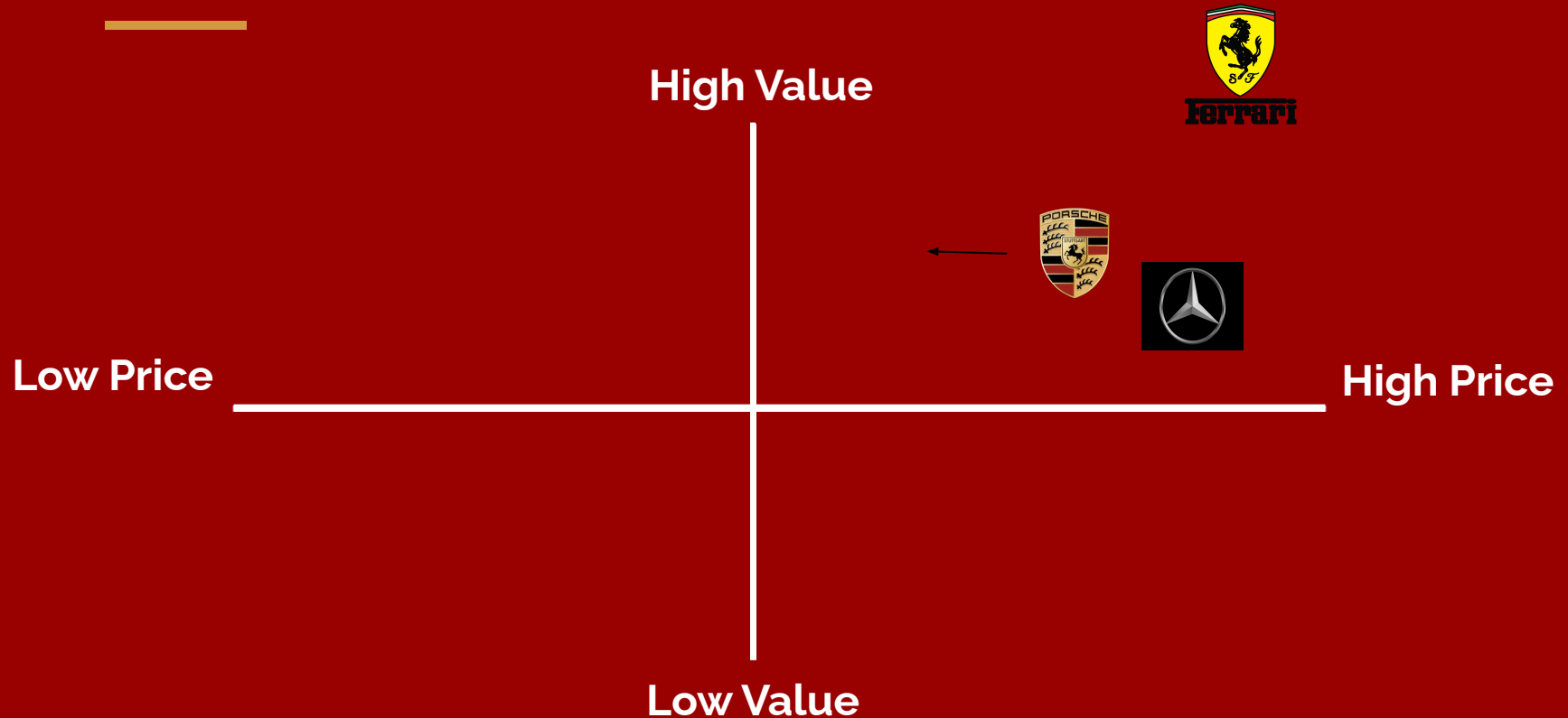
Product Position Map



Current Product Position Map



Proposed Product Position Map



Current Target Market

Descriptive Elements

- Marketing Segmentation is a combination of Demographic, Geographic, and Psychographic

Demographic:

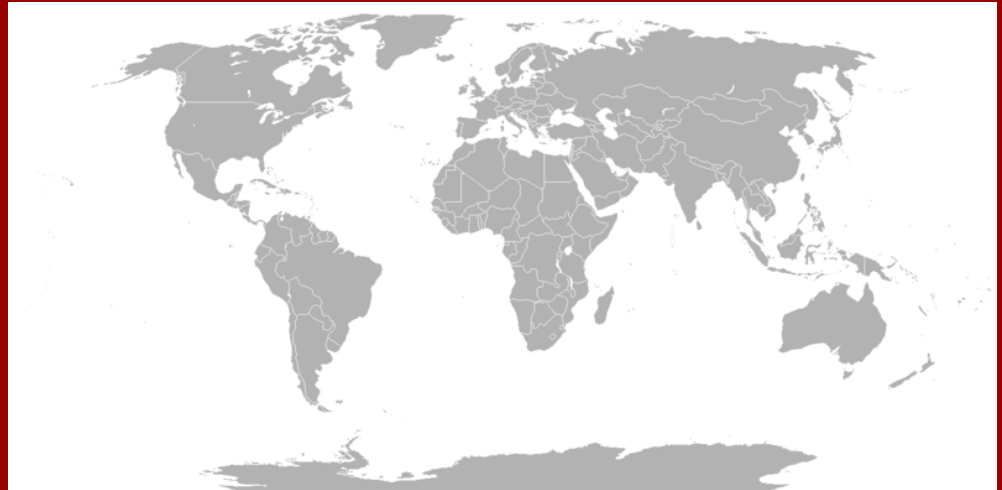
- Income
- Age
- Gender

Geographic:

- Tradition Geographic Segmentation
 - Continent → Countries → Region

Psychographic Profiling:

- Psychology
- Life Style
- Personality Traits



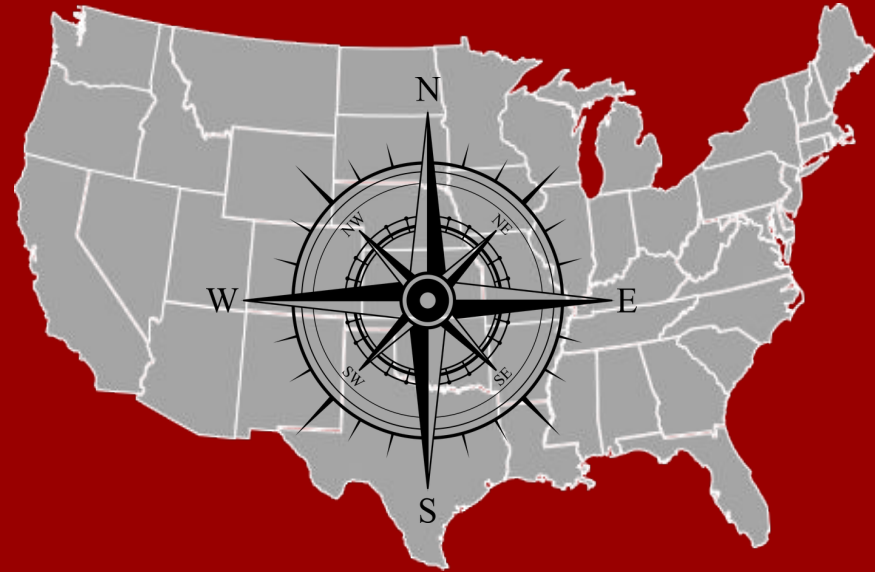
Demographic Segmentation

- Recent College Graduates
- Professionals
- Household Income of \$100k+
- 85% Male ; 15% Female



Geographic Segmentation

- Located in every continent with major cities
- Market divided into regions
 - i.e USA
 - North, Northwest, South, Southwest
- Dealers offer discounts & pricing variability based on region



Psychographic Segmentation



Proposed Target Market

- Price Sensitivity
 - Target middle class
 - Status symbol
- Age Range
 - Appeal to millenials
- Consumer Focused
 - "Everyday" Car
 - Integrate nature into car design
 - Lifestyle





Proposed Target Country and Balanced Scorecard

Proposed Target Country - India

Key factors for target country selection.

- India is seen as the largest emerging economy on the globe.
- 7th most valued nation brand
- Electronics and luxury sports car are immensely popular products within India
- Spending on luxury vehicles will increase to 20% over the next three years



Primary Drivers for Luxury Brands

Value-conscious Consumer Base



Digital Luxury



Customization

Barriers to Entry

Import Tariffs on luxury goods

- 30 - 40%
- Heavy transportation costs for moving luxury products into the country



Foreign Investments

- Better to partner with a domestic company rather than trying to take ownership through equity



Strategic Alliance for Entry

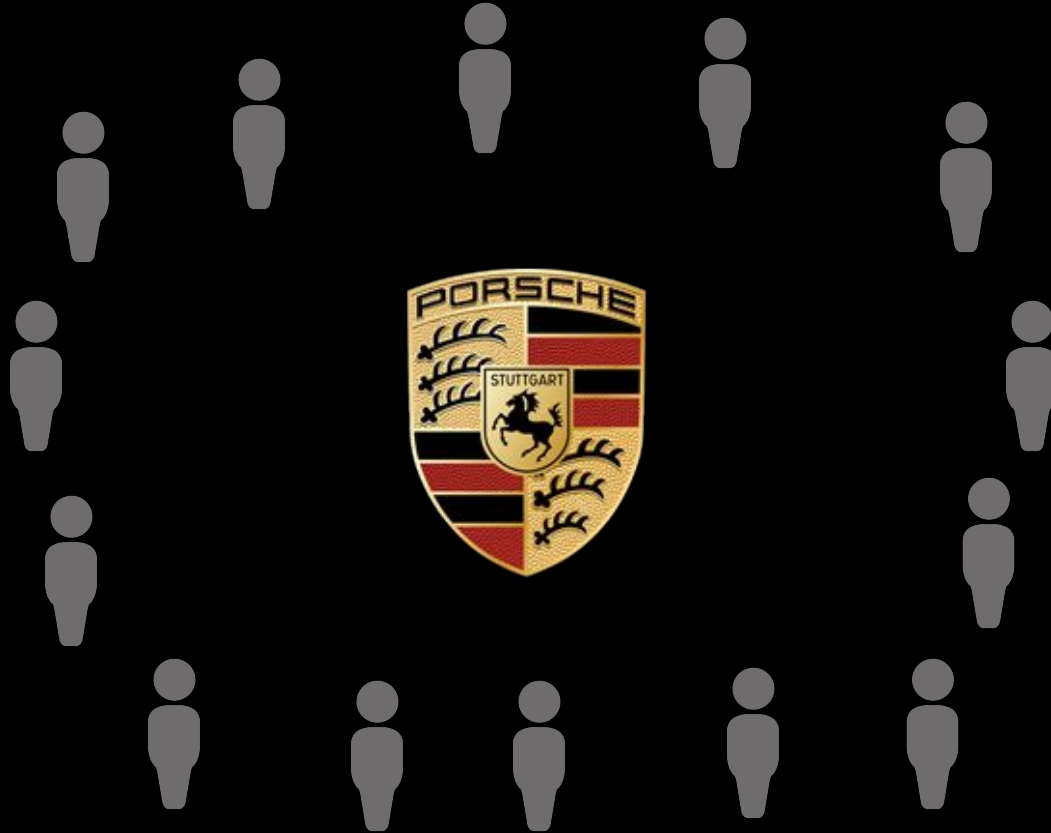
- Porsche's initial entry into India should be with a strategic alliance with Tata Motors.



Balanced Scorecard

Area of Objective	Target	Deadline	Responsibility
Customer: Increase the brand awareness of Porsche in the new target market	Have a total reach of potential customer in initial marketing campaign of 1.5 million people	Q4 2020	Marketing
Shareholders: Increase Return on Equity metric	Increase the Return on Equity from 10.74% to 15% by increasing profits	Q4 2020	Executive Board
Core Competency: Enhance the core competency of innovation and tradition for the Porsche brand	Produce 2 unique variation to the Porsche 911 series	Q2 2021	Design and Engineering
Create Value: Capture a solid portion of the luxury sports car market share in new target country	Have 20% of the market share in that country	Q2 2021	Marketing and Sales

Customer Metric



Shareholders Metric

$$\frac{\text{Net Income}}{\text{Shareholder Equity}} = \text{Return on Equity} \longrightarrow 10.74\% (2019)$$

Two Key Strategies to raise Net Income

- Cost-leadership (Lower costs to produce)
- Differentiation (Increase Revenue)

Porsche will use differentiation when operating in India to increase revenue to improve ROE

$$\frac{\text{Net Income}}{\$41.043 \text{ B}} = 15\% \longrightarrow \text{Net Income} = \$6.16 \text{ B}$$

Core Competency Metric

Porsche believes in innovation as a key organizational value.

- New Taycan is revered as one of the best new cars on the market.
- In order to increase the Porsche brand equity, this must be a top priority.

Porsche Taycan is the world's most innovative car

In Cars, International News, Porsche, Technology / By Matthew H Tong / 20 July 2020 12:01 pm / 3 comments



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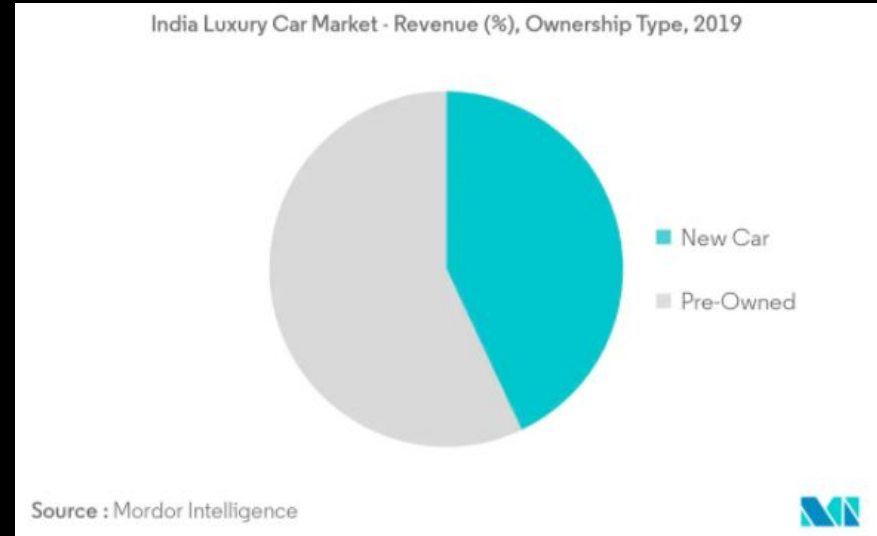


Scientists from the Centre of Automotive Management (CAM) have officially declared the **Porsche Taycan** as the most important innovation driver in the global automotive market. The high-performance electric car features 27 new developments, 13 of which are world firsts.

Innovations such as the 800-volt architecture, two-speed transmission on the rear axle, high recuperative power of up to 265 kW and best drag coefficient value in the segment are just some of the recognition given by the independent scientific institute.

CAM director Professor Stefan Bratzel and his team have been analysing innovations in the global automotive field since 2005. It also teamed up with PricewaterhouseCoopers (PwC) for the annual AutomotiveINNOVATIONS awards show, which recognises the most outstanding innovations in the auto industry. Approximately 250 production vehicles were evaluated for 2019/20.

Create Value Metric



- Market is dominated by 5 key players.
- Market is majority pre-owned vehicles.
- Porsche has an opportunity to grow in India by rising to top 5 and securing large portion of new car sales.

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