Brand Management

Part 1

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Why I am doing this project?

As a student who is learning fashion marketing and management, the most important thing to learn about this subject is to understand the marketing mythologies and strategies. The objective for me to do this project is to demonstrate my cumulative research abilities in international fashion marketing in order to facilitate organized methodological inquiries carried out to provide information for solving fashion marketing challenges and making marketing decisions.

Meanwhile, it’s also my aim that if I can develop my capabilities in some other aspects, such as:

- Undertake, develop and implement a fashion marketing project from conceptual stage to final presentation.

- Work within budget and scheduling constraints.

- Formulate financial and business assumptions.

- Demonstrate comprehensive knowledge of the sources and collection of data through secondary data sources, survey methods, and instruments for respondent communication, observational studies and experimentation.
• Demonstrate comprehensive knowledge of data preparation and preliminary analysis, hypothesis testing, measures association, multivariate analysis, synthesis the data collected by analysis, presentation of data and presenting results through.

• Exhibit a high level of capability and demonstrate a comprehensive understanding of my specific area of focus and its professional practice, with particular references to cultural, social, and marketing patterns.

• Argue clearly in defense of my chosen direction and thoroughly justify my marketing recommendations and decisions.

• Exhibit a high standard of professional competence.
Lexus is a Japanese brand name used by the Toyota Motor Corporation for such export markets as North America, Middle East, Europe, Africa, Latin America, Asia and Oceania, for luxury automobiles.

Established in the early 1980s and launched in 1989, the Lexus marque soon became associated with quality, luxury and superior customer satisfaction. The brand reputation grew quickly until, barely a dozen years after its founding, Lexus became America's best-selling line of luxury motor vehicles.

Lexus was inspired by the success of the Toyota Supra sports car and the luxury Toyota Cressida models. Both the Supra and Cressida were rear wheel drive cars with a powerful 7M-GE/7M-GTE engine. The first Lexus-badged models, the V-8 powered LS 400 and the smaller, Toyota Camry-based ES 250, appeared in 1989.

History

The Lexus marque was launched in the United States in 1989, followed by the UK and Australia in 1990. An image consulting firm presented a list of 219 names, from which Vectre, Verone, Chaparel, Calibre and Alexis were top candidates. While Alexis quickly became the front runner (possibly due to the association with the Alexis Carrington character on the popular 1980s primetime drama Dynasty) and later morphed to Lexus, the name has been attributed to the combination of the words "luxury" and "elegance." According to Toyota, however, the name had no meaning and was just meant to be pleasing and easy to remember. Just prior to the release of the first vehicles, the database service LexisNexis obtained a temporary injunction forbidding the name Lexus from being used as they stated it might cause confusion. Upon reflection, the court lifted the injunction, deciding that there was a low likelihood of confusion between the two products.
Marketing mix

Products / Price (U.S)

Sedans

- IS - compact RWD/AWD ($30,855 - $58,000+)
  - IS 200/IS 300
  - 2006 IS 250/IS2 300 AWD/IS 350/IS 220d

- ES - midsize FWD ($34,120 - $42,000+)
  - ES 250/ES 300/ES 330
GS - midsize RWD/AWD ($44,550 - $62,000+)
  - 1993 GS 300
  - 1998 GS 300/GS 400
  - 2001 GS 430
  - 2006 GS 300/GS 300 AWD/GS 430/GS 450h

LS - full-size RWD ($62,900 + 71,000+)
  - 1989 LS 400
  - 2001 LS 430

**Coupe**

SC - coupe/coupe convertible RWD ($66,355+)
  - 1992 SC 300/SC 400
  - 2002 SC 430

**Luxury Utility**

RX - crossover SUV ($37,700 – 54,000+)
  - RX 300/RX 330
  - RX 400h - hybrid crossover SUV

GX - midsize SUV ($47,315 - $62,400+)
  - GX 470
• LX - large SUV ($74,700+)
  • LX 450/LX 470

**Future / Concept**

• LF-C - concept car
• LF-A - concept car
Places

Lexus Dealerships

- Beijing
- Shanghai
- Guangzhou
- Shenzhen
- Dalian
- Chengdu
- Nanjing
- Suzhou
- Hangzhou
- Wenzhou
- Wuhan
- Taiyuan
- Kunming
- Qingdao
- Fuzhou
- Tianjin
- Ningbo
- Chongqing
- Foshan
- Taizhou
- Zhengzhou
- Hefei
- Jinhua
- Wuxi
- Nanning
- Xian
- Jinan
- Quanzhou
- Shenyang
Price (In China)

- IS - compact RWD/AWD

RMB 479,000 – RMB 560,000 +
- ES - midsize FWD
  
  \textit{RMB 498,000 – RMB 570,000} +

- GS - midsize RWD/AWD
  
  \textit{RMB 640,000 – RMB 920,000} +
• LS - full-size RWD

RMB 1,020,000 – RMB 1,260,000 +

• SC - coupe/coupe convertible RWD

RMB 1,220,000 +
• RX - crossover SUV

RMB 860,000 – RMB 960,000 +

• GX - midsize SUV

RMB 920,000 – RMB 1,160,000 +

• LX - large SUV

RMB 1,070,000 +
Promotion

Advertising strategy
Based on the Lexus in good reputation around the world it is using the following advertising strategy in the Chinese market.

We can see the media advertising including the traditional like TV advertising, magazines, but also using Internet. The newest advertising is showing on the internet firstly. A simple advertising became a network series filming short movies. There were more than 100 million visitors to watch it. It names “Employment”. We also can watch it in China.

There are three steps advertising strategy for their Chinese market.

1. Asian advertising network - to enhance the Lexus brand image and establish its superiority in the local credibility and status to support the Lexus brand advertising network
2. The national image building activities - in various localities to enhance image building brand awareness, further to win short-term interests, and to support the aspirations of the brand message
3. Appropriate local marketing strategic advertising- stimulate sales, guide and support product positioning.

Promotional activities – Test driving activity
Lexus China's five cities large roving test driving for Lexus activities hold in Beijing in 2007 June. For the five Lexus test drive included auto cars, convertible cars and sport utility vehicles. This is the first time in China Lexus organizing large-scale testing activities. It was not only showing the cars but also want to show the car’s culture and a lifestyle of Lexus.

After test driving activities, people have more emotional and personalized. Experience for Lexus brand image and its outstanding performance.

Publicity and PR
In Sports
Lexus sponsor sports events strengthen brand image. Lexus only sponsors high-end sports events including golf and sailing competition.

Golf
From 1995, Lexus has been organized amateur and professional golf, which is Lexus on a response to customer interest, this sport match has become their life in an important project. Since 2001, the Lexus golf on the international career with the
support extended to Asia launched Asia's most spectacular golf tournament: Lexus Asian Open. In July 2007, Lexus set up the China Youth Golf Team. Lexus Group, together with its joint venture in China - Lexus Brilliance in the next three years will fully support the growth of this team.

Sailing
In 2006, the America's Cup sailing competition, Lexus and Oracle joint title fleet with Chinese.
Excitement about the Chinese car market is reaching fever pitch. The Chinese auto market is growing rapidly, incumbent producers are making very high profits and the growth projections appear unprecedented. The rest of the industry wants a piece of the action, with massive increases in capacity planned. But we fear that the industry’s lofty assumptions could easily prove wrong. The purpose of this report is to provide a detailed contrarian view in response to the almost euphoric statements being made elsewhere about China.

Billions of new capital to be committed; 1.3 bn customers are a powerful attraction
No auto industry presentation to investors in 2003 is complete without bold statements about Chinese growth ambitions. Billions of dollars of shareholders capital is about to be pumped into China to add new capacity, in expectation of future rewards. Forget the fact that the Chinese passenger car market is still smaller than that of Spain, there are 1.3bn people and that makes China the largest potential market of all.

Could history repeat itself in China
China has held a strong allure for international business for many centuries. It is fascinating to observe how similar statements, made by the automakers in the last few months, are to those made centuries ago. Henry Cabot Lodge, an American senator who represented the textile industry, stated in 1890 that:

>All Europe is seizing on China, and if we do not establish ourselves in the east, then that vast trade, from which we must draw our future prosperity, and in the great region in which we alone can hope to find the new markets so essential to us, will be practically closed to us for ever.^

In 2003, at the Detroit Auto Show, Carlos Ghosn, CEO of Nissan, stated that: >If we go in [to China] and we are wrong [about China’s growth prospects], then everyone will be wrong, we will not lose any competitive position. But if we stay out, and China works, then we will miss out.^

Perhaps the growth of the Chinese market will live up to the very optimistic expectations, but we fear that many of the auto industry’s growth assumptions are based more on hope than fact. Chinese car sales grew 60% in 2002, but extrapolating current trends may not be a reliable forecasting tool. We believe growth rates may disappoint, demand may prove volatile and operations prove far less profitable than hoped.
Lexus Current Situation

Established in the early 1980s and launched in 1989, the Lexus marque soon became associated with quality, luxury and superior customer satisfaction. The brand reputation grew quickly until, barely a dozen years after its founding, Lexus became America's best-selling line of luxury motor vehicles.

Lexus belongs to the global Toyota family, whose members together constitute the world's third-leading automaker. We and our affiliated companies employ more than 31,000 in the United States, and our Lexus and Toyota dealers and suppliers employ an additional 160,000 persons. Toyota's investments in the United States amount to $12 billion.
Lexus has revolutionized the luxury motoring experience through its passionate commitment to the finest products and the most satisfying automobile ownership experience. We vow to value the customer as an important individual; to do things right the first time; and to always exceed expectations. We brought together these principles in the Lexus Covenant, which inspires our dealers and associates to treat customers as they would treat guests and to go to any lengths to serve them better.

The Lexus Covenant is the basis for every decision we make, from cars that are designed with the driver in mind to dealers that make customer satisfaction their most important goal. This commitment to excellence not only makes a Lexus more enjoyable to drive, but also a joy to own.

Lexus will enter the most competitive, prestigious automobile race in the world. Over 50 years of Toyota automotive experience has culminated in the creation of Lexus cars. They will be the finest cars ever built.

Lexus will win the race because
Lexus will do it right from the start.
Lexus will have the finest
dealer network in the industry.

Lexus will treat each customer
as we would a guest in our home.

If you think you can't, you won't...
If you think you can, you will!
We can, we will.
Hunter Communications, the agency who designed the "L" logo and also presented the name to Toyota management, says Lexus was born of the "LE" on the automaker's luxury edition vehicles, which created the acronym "Luxury Edition for the United States" or "LEUS" with the "x" from "luxury" added to form "LEXUS".

The name
An image consulting firm presented a list of 219 names from which Vectre, Verone, Chaparel, Calibre and Alexis were top candidates. While Alexis quickly became the front runner (possibly due to the association with the Alexis Carrington character on the popular 1980s primetime drama Dynasty) and later morphed to Lexus, the name has been attributed to the combination of the words "luxury" and "elegance." According to Toyota however, the name had no meaning and was just meant to be pleasing and easy to remember. Just prior to the release of the first vehicles, the
database service LexisNexis obtained a temporary injunction forbidding the name Lexus from being used as they stated it might cause confusion. Upon reflection, the court lifted the injunction, deciding that most people had never heard of LexisNexis, and those that had, would not in all likelihood confuse a car with a database service.

It has been very easy for customers to recognize a Lexus car on the streets or at any place. Besides the great design of the “L” logo, people can realize a Lexus car is because of the same “Fine-Lines” design of the cars.

Japanese design seeks to achieve simplicity through masterful use of materials. It strives for the purest possible expression using minimum resources. There is a word for this, muda, meaning 'to avoid needless waste'.

Simplicity of this nature, however, is not easily achieved. To simplify without sacrificing the end result takes great skill and deep knowledge of the material in the designer's hands. For us, reducing a form to its 'pure' state is true creativity. There are various definitions of this process to be found in Japanese culture but, collectively, the end result could be described as 'incisive simplicity'.

This incisive simplicity and intriguing elegance builds expectations. And they are expectations – of a new kind of refinement, power and driving pleasure – that our cars deliver on.

Meanwhile, with producing many accessories of the cars and also other things such as towels and clothing, Lexus gives a very strong brand blueprint image now, which let the Lexus brand become easier and easier to be recognized.
Above what a vehicle delivers in terms of driving pleasure, Lexus designers believe it must touch you on an emotional level. To this end they created ‘L-finesse’, a unique design language that is taking Lexus vehicles in a completely different direction from today’s automotive design trends.

L-finesse stands for ‘Leading edge with finesse’. Yet to Lexus designers, it means even more. They speak of ‘incisive simplicity’ in describing the clean lines devoid of extraneous elements. An ‘intriguing elegance’ sees the coming together of seemingly contrasting design themes; simplicity and complexity, which attract the eye to the sheer artistry of the bodylines. The car’s spirit of hospitality is expressed through a ‘seamless anticipation’ in the way numerous elements welcome the driver into the cabin, in readiness for the journey ahead.

Simon Humphries, Global Head of Design has some very passionate views about L-finesse, something he believes sets Lexus apart as truly unique in terms of styling and emotional appeal. “L-finesse is everything that can't be measured by numbers and specifications. It is what's intangible about Lexus.”

More graphic in his description, the LS 460 Chief Designer Yo Hiruta described how “…the character lines in the sheet metal come from inside, as though they were pushed out by muscle,” cited Hiruta. Very muscular, dynamic and confident.

In terms of the cars themselves, one hallmark of L-finesse is the higher placement of headlights, with the grille stepped down, going against conventional design themes. Another recurring theme is what they describe as the arrowhead design; the acute angle seen at apexes like the side window trim, the leading edge of the taillight unit, in the doorhandles and beyond. Such themes help assign a sense of continuity from the front to the back of a car, and from one Lexus vehicle to another.

Through L-finesse design, Lexus cars will now be distinguished not simply by the engineering brilliance within, but the elegance on the outside as well.
'A capacity to continuously and relentlessly acquire and apply knowledge to evolve and innovate.'
Mr. Takeshi Yoshida, Lexus Managing Officer.

Great work, whether it's art, architecture or engineering, cannot be hurried. This is all the more important when it's work that affects people's lives. On the road to excellence, every step must be scrupulously considered. Lexus applies this level of attention to everything it does.

We realise that the 'ideal' vehicle is redefined every day as new technologies are created and the parameters of perfection shift and expand. We know that every great design breakthrough marks the starting point of an even greater one. With this knowledge firmly at the forefront of our minds, we remain both practically and philosophically committed to our task.

That task, however difficult to achieve, is very simple to define: Lexus pursues perfection. However, we acknowledge that this pursuit involves a continuing and evolving journey, rather than a destination.
Lexus has become synonymous with luxury in automobile engineering. Yet each refinement and technological innovation in a Lexus is there because it fits our aim of the pursuit of perfection – perfection dictated by your driving enjoyment.

Every Lexus is capable of high performance, but that speed is attained with poise and sophistication. We've taken the dynamic power of the internal combustion engine, and harnessed it to bring you a truly engaging drive.

This is not about obvious performance, but about strong, silent power; a refined but responsive experience.

**Technology**

It then uses this data to provide the optimum response to any situation, such as loss of grip or oversteer. While this helps to keep you safe and at ease, it also extends the performance capabilities of the car allowing you to enjoy the experience all the more.

Our advances are not limited to electronics. Every model has a passenger safety cell featuring high-strength steel surrounded by impact-absorbing crumple zones. As well as providing considerable safety benefits, the increased rigidity improves the cars handling, allowing you the pleasure of enjoying the driving experience.

For an explanation of the full range of technological innovations, please go to our Technology Explorer section.
We define comfort differently at Lexus. It goes beyond the immediate experience you enjoy. Take for example the designs of our seats, which provide the perfect balance and level of support. They can also be comprehensively adjusted until they are a perfect fit for you. Soft, high quality leather upholstery adds a further touch of luxury.

Japan is the only nation in the world to name master craftsmen as Living National Treasures, a reflection of the Japanese quest for perfection. Refinement and attention to detail are subtly revealed, like the high quality material found on the inside of a kimono. In our cars it can be seen in the luxurious interior trim, the steering wheel covers and the roof lining – all scrupulously considered and exquisitely rendered. However, just as important as these attributes is something we call 'seamless anticipation' – and it reflects a hospitality ethic rooted deeply in Japanese culture.

Imagine you are driving an LS and it's cool and overcast outside. You've set the air conditioning to suit the conditions. But then the sun breaks through the clouds. In many situations the heat build-up would mean you need to reach out and lower the temperature. Not in the LS. The car senses the sunlight, anticipates your discomfort and then adjusts the system to make sure you never even notice the difference.

The new GS, meanwhile, has an intelligent white LED lighting system that guides you into and around the car. As you are approaching the GS, lights will come on by the door handle, the scuff plate, the footwell, the front and rear seats and then the engine start-stop button at just the right moment. This makes your interaction with the GS effortless and intuitive.

This is what Lexus means by comfort. And you'll find similar examples of comfort throughout the range.
Safety

These include sophisticated electronic management systems, such as Vehicle Stability Control, to help maintain grip in even the most demanding conditions. Or enhancements such as anti-glare mirrors and our electro chromatic instrument display which helps to ensure clarity of vision even in direct sunlight. Some models have intelligent front lighting that not only 'looks' around corners but also partially up and down inclines. Others have water repellent windows that you can see through in the most dramatic of downpours.

And if you do ever have an accident, be assured that every Lexus is engineered to keep its occupants safe with multiple airbags, side impact protection bars and a rigid safety cell.

Since building a very popular and strong culture in the Lexus company, the employees work in Lexus all have the consciousness to pursue the perfection now, which is a great environment for the staffs to work in.
Brand Advantage

The advantages of Lexus is very obvious, the service and the price. But it still needs to build the other advantages as soon as possible.

With the result of a survey saying that 70% of the customers who bought Lexus cars will be the back-customer again, Lexus no doubt has the best service system among all the luxury car brands, at least in China it’s the fact. About the price, more than 60% people think that the price of Lexus is more reasonable than Mercedes and BMW as a result of an online survey, which is quite a good result to see.

The other advantages such as Lexus has more environment-friendly productions are not so obvious right now. In China, people care about the cars’ price, quality and brand much more than does it protect the environment or not. But this could be the next great advantage for Lexus to have.