

**Kelvin Gani**  
**Marketing 351 Project**  
**(Mon 7PM)**

California State University Fullerton

Prof. Anicich

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Ferrari California



BMW 5 Series



Honda Fit



1. I have chosen my topic to write about cars. The three cars that I pick are Ferrari California, BMW 5 series, and Honda Fit. I chose the topic about these three cars because I want to know more about the marketing plans and strategy that each of these car's manufacturers uses. Also, I want to know the difference in the target market on each of these cars. I would say that there are too many cars that are being offered to us because every year I see that all cars' manufactures always comes up with new products and new marketing strategies in order to increase their market share. The car market is very big and competitive; it is just a car, but nowadays, cars are not built for just one type of person. It is built for almost any type of person. There are small cars, MPV (Multi Purpose Vehicle), Truck, SUV (Sports Utility Vehicle), Sports car, luxury car, etc. Each of those types of cars has now become a separate market for car's manufactures. The three cars that I pick are from three different markets. Ferrari California is in the Super Luxury Sports Car market; in this market, there are not too many offerings. Only companies like Bentley, Lamborghini, and Aston Martin compete in this market. The second car is BMW 5 series. This car is in the luxury sedan market. This market has a lot more competition than the super luxury sports car market. Lexus, Mercedes Benz, Audi, Infinity, and Cadillac are producing cars to compete in this market. The last car that I pick is Honda Fit. This car is in the small passenger car market and this market has the most competition. Toyota, Nissan, Mitsubishi, Suzuki, Chevrolet, Saturn, KIA, Hyundai, Volkswagen, Chrysler, and Ford are competing in this small passenger car market. I think there are too many offerings in the car market, especially in the small passenger car market; however, it is good for the customers because the competition drives the prices down.

**Ferrari California**



**Honda Fit**



**BMW 5 Series**



2. The products that I choose are from three different target markets, therefore each of those products have different segmentation variables. There are several different segmentations for marketers. First, geographic segmentation. Ferrari California is a convertible sports car that is built for street and racing use. With this kind of use, Ferrari California will only attract people that live in the countries with normal weather or climate and decent infrastructures such as good roads, highway, gas station, etc. Less developed countries like Iraq, Pakistan, Zimbabwe, or countries with lots of desert, or parts of the world that have very bad weather or climate such as

North Pole and South Pole are not a good place to sell this car. Therefore, Ferrari California is targeted to countries with more stable weather and good infrastructures like United States,

Germany, Italy, England, Singapore, Dubai, and other developed countries (see graph 2).

Likewise, BMW 5 series is a 4 door car that is built for street use as well. It has a very similar target market region with Ferrari California. Only countries with good weather and infrastructure

will buy this type of car. Honda Fit is a small car that is also built for street use. However, this car is not as delicate as the other two cars, so this car can also be used in bad infrastructure

regions. Second, Demographic segmentation. As one of the car in the super luxury sports car

market, Ferrari California is targeted to male with very high income level and between the ages of 25 to 60; however, most of the people that can afford this car are in their 40s and above. This

car market does not need to be segmented according to the ethnicity. Any ethnicity as long as

they can afford to this car, can be the target market. The family life-cycle segmentation for

Ferrari California is for the single or married couples that already have grown up children. These married couples do not need to take their children out anymore, so the two doors and two seats

Ferrari will really fit these types of consumers. The second car is BMW 5 series. This car is

targeted to the middle income level family and the consumers can be male or female. This luxury sedan market target people between the ages of 30 and 65 as their consumers. Also, there is no

need for ethnic segmentation in this car market. Family life cycle for this car is single person or family with two kids because this car has four doors but it has also maintained its sporty style.

The last car that I pick is Honda Fit in the small passenger car market. This car is targeted to both male and female, and to people with low income level. This car target consumers between the

ages of 18 and 40. This car is good for small family with one or two kids, or new college

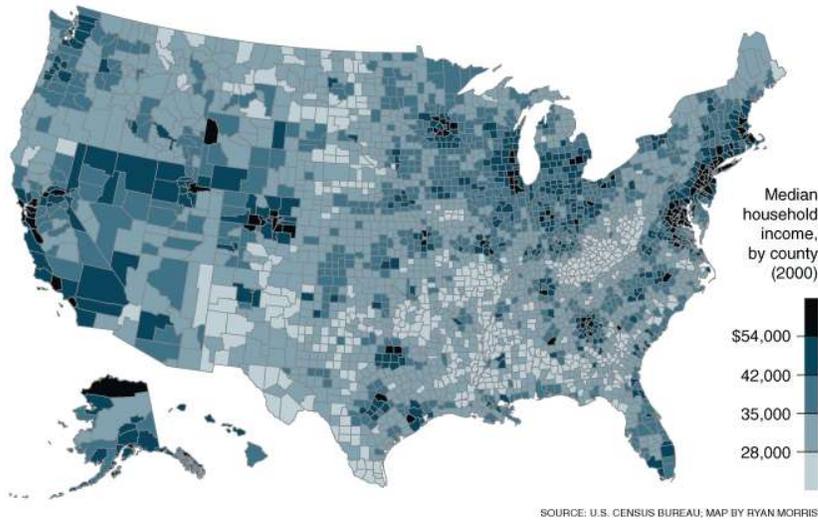
students or graduates. Third, Psychographic segmentation. Ferrari California is targeted to the

people or consumers' personality that have the feeling of being respected, rich, powerful, and like good quality things. The motives of the Ferrari marketers are to appeal the consumers with reliability and prestige. Ferrari also tries to segment their consumers' lifestyles; they want to target the consumers that have free time on the weekend and always drive around. Besides, Ferrari also aims the car collectors and car fanatics; those people value cars differently, they see cars as things that are not just taking them from place to place, but rather as things that they can enjoy, appreciate, and feel. These types of people would spend more than \$150,000 just for a car. People that do not have this beliefs or lifestyles would not spend that much money for a car, not even rich people. Geodemographic segmentation for the Ferrari California is to neighborhood that has very high income level and free time on the weekend such as, Beverly Hills, Newport Beach, and Malibu area (see graph 1). Ferrari is targeted to executives, celebrities, and business owners. BMW 5 series is targeted to the people or consumers' personality that have the feeling of being respected, family-oriented, and rich. The motives of the BMW marketers are to appeal the consumers with reliability, comfortless, dependability, usability, and some sort of prestige. BMW also tries to segment their consumers' lifestyles; they want to target the consumers that want to drive luxury cars for daily use or weekend, and drive around with family. Geodemographic segmentation for the BMW 5 series is to neighborhood that has medium to high income level and free time on the weekend such as, Silicon Valley, Newport Beach, and Malibu area. BMW 5 series is targeted to White Collar workers and small business owners. The last car is Honda Fit. This car is targeted to the people or consumers' personality that have the feeling of being independent, young, and energetic. The motives of the Honda marketers are to appeal the consumers with usability, sporty, and relaxed. Honda also tries to segment their consumers' lifestyles; they want to target the consumers that want to drive small cars for daily

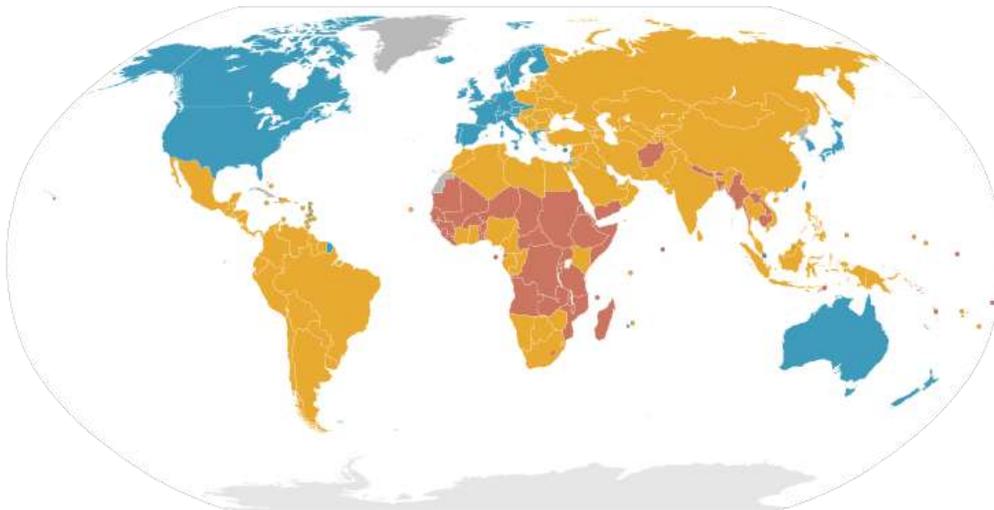
use or weekend, and drive around with friends or family. Geodemographic segmentation for the Honda Fit is to neighborhood that has low to medium income level and has small streets and parking spaces such as New York, San Francisco, and Los Angeles downtown area. Honda Fit is targeted to Blue Collar workers and new college students or college graduates. Fourth, benefit segmentation. This segmentation is dividing the consumers into market segments according to the benefit they seek from the products. Ferrari California gives their consumers the benefit that makes them looks cool, active, super rich, and strong. BMW 5 series gave their consumers the benefit that makes them looks wealthy and family oriented. Honda Fit makes their consumers look young and energetic; also some of their consumers are looking for benefit of the efficient gas mileage which is about 27 mpg.

**Summary of the Market segmentation of the three products**

	<b>Ferrari California</b>	<b>BMW 5 series</b>	<b>Honda Fits</b>
<b>Geographic Segmentation</b>	Region with good infrastructure	Region with good infrastructure	Region with good and bad infrastructure
<b>Demographic Segmentation</b>			
<i>Age</i>	40+	30+	18 - 40
<i>Gender</i>	Male	Male & Female	Male & Female
<i>Income</i>	Very High	Medium to High	Low
<i>Ethnic</i>	All	All	All
<i>Family Life Cycle</i>	Single, divorce, or married couple with grown-up kids.	Single, or family with two kids	College student, new college graduates, and small family
<b>Psychographic Segmentation</b>			
<i>Personality</i>	Rich, powerful, admiration, and like quality products	Family oriented, rich, and respect	Independent, young, and energetic
<i>Motives</i>	Prestige & reliability	Usability, reliability, comfortness, some prestige	Usability, sporty, and relaxed
<i>Lifestyles</i>	Have free time on weekend, like driving around and show off	Like luxury car for daily use and drive around with family	Like small car for daily use, and drive around with friends
<i>Geodemographic</i>	High income neighborhood	Medium to High income neighborhood	Low to medium income neighborhood, and area with small streets and parking spaces.
<b>Benefit Segmentation</b>	Feeling of cool, active, super rich, and strong	Feeling of wealthy and family oriented	Feeling of young, energetic, and high efficient gas mileage



**Graph 1: US income by region**



**Graph 2: World Map (Developed countries in Blue)**

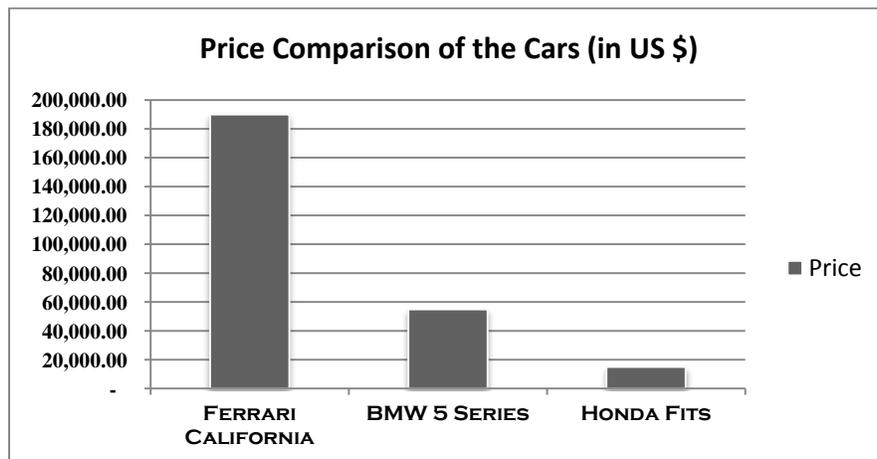
3. The marketing mix is the four Ps of the global marketing strategy: product, place, promotion, and price. The product for the first car that I pick is Ferrari California. Ferrari California is sold globally throughout the world with the same features and specifications. The car is made in Italy and shipped to anywhere in the world. It is a universal product. BMW 5 series is also sold globally with the same design and material. It is also a universal product. The last one is Honda Fit. This car is sold globally as well. However, Honda makes some changes in

the engine and the quality of the material to fit the price range of customers in certain countries. For example, in Indonesia, Honda changes the name of Honda Fit with Honda Jazz. The price is about 30% cheaper than Honda Fit; the looks on the car is exactly the same, but it has smaller engine and lower quality interior. Secondly, place. The place is similar with distribution. The product will not sell if it does not have good place or distribution. Ferrari California is produced in Italy. If someone in United States wants to buy that car, than that car will be shipped from Italy to US. It is not a very effective way to sell the products; however, the reason people buy Ferrari is because it was made in Italy. Therefore, the place or distribution does not really matter for Ferrari. For BMW 5 series, the place becomes a problem. It is a Germany car, but people do not really care whether or not it was made in Germany. BMW 5 series has a lot more competitions than the Ferrari in its market. If this car is made in Germany, then the car will cost much more than its competitor prices due to duties, tax, and shipping cost. Therefore, BMW has to build a manufacture in the United States, so they can produce the car in US and compete with the other competitors' prices. The last car is Honda Fit. This is a Japanese car, but it has the same place and distribution problem with BMW. Its consumers do not really care about the location where the car is built; they only care about the price. As a result, Honda has to build a manufacture in US to save the duties, tax, and shipping cost. After being produced locally in U.S., the cost of Honda Fit drops and it can compete with the other competitors' price. Even though those companies build manufacture in United States, it does not mean that they also build manufacture in every countries they sell their cars. BMW 5 series in Indonesia is not manufactured in Indonesia. It is still made in Germany. The reason for that is because of the low purchasing power of Indonesian people. BMW might have researched and figured out that not many Indonesians can afford BMW cars, so they think it is not necessary to build a factory in

Indonesia. They would rather add the cost of shipping and duties to the price of the car. Actually, BMW can do that in Indonesia because the other competitors such as, Lexus, Audi, Mercedes Benz, and Infinity also have to ship their cars to Indonesia. On the other hand, Honda Fit is manufactured in Indonesia under the name of Honda Jazz. Honda builds a manufacture in Indonesia because the prices of Honda cars are affordable for most of Indonesian people. Also, Toyota and Suzuki have a manufacture in Indonesia. They would not be able to beat the price of Toyota and Suzuki cars if they have to ship the car from Japan. In addition, Honda also changes the engine of the Honda Fit and the interior to maintain its price with the competitors' cars.

Thirdly, promotion. Most of the promotions for cars are universal, except if the carmakers change the name of the cars. Ferrari California is produced with one standard throughout the world. The only differences are the color of the car and the position of the steering wheel (right or left). This kind of product is the best for marketers because Ferrari can just create one advertising campaign and use it globally. Ferrari can save a lot of money from the advertising cost. One of the difficulties in promoting Ferrari California is finding the right medium to its target market. Since the price of the car is very expensive, its target market will be a very rich people with very high income level. Ferrari marketers have to make sure that that its target market knows the car exists, so Ferrari marketers have to figure out which medium that its consumer use or see often. If they want to advertise it in the magazine, then it would be magazines like Forbes, not computer or video games magazines. Ferrari has to conduct a deep market research to make sure that the message reaches its target market. The second car is BMW 5 series. BMW 5 series is also built for global market; its promotions can be the same throughout the world. Finding the right target market for BMW 5 series is more difficult than finding the target market for Ferrari California because BMW 5 series has a lot more competitions in its

market. They have to promote the car in lots of different media and places. For Honda Fit, its marketers can use the same promotions globally; however, they have to change the name of the car in some countries, such as Honda Jazz in Indonesia. Since Honda is targeting young people and new families, they can promote the car in the sports magazine, sports event, online advertising, and televisions. The fourth P is pricing (see graph 3). Ferrari California is sold for \$190,000 and still many people buy that car. Ferrari has a very unique market compare to the other businesses. If the price of Ferrari California is too cheap, then lots of people will buy it. The drawback is it will lose its exclusivity and will hurt the brand image of Ferrari. BMW 5 series is sold for \$55,000 and it targets the medium to high income people. BMW sells more cars than Ferrari, yet, it does not have the exclusivity that Ferrari has. Even though BMW 5 series does not cost as much as Ferrari, people still perceive BMW as a decent car. The last car is Honda Fit. This car is priced around \$15,000 and it targets low to medium income people. This car does not have the exclusivity or prestige that Ferrari and BMW has.



**Graph 3: Price Comparison between 3 cars (Ferrari California, BMW 5 series, Honda Fit)**

4. The website for Ferrari California is [www.ferraricalifornia.com](http://www.ferraricalifornia.com). It is a separate website from the Ferrari Company. [www.ferraricalifornia.com](http://www.ferraricalifornia.com) is a special website just for the Ferrari California; it does not have any other Ferrari cars. The first time entering the website, it has a

very exclusive look. The background color is black and it has only few navigation buttons which gives a very simple impression. The look of the website is very appealing; there is a picture of the Ferrari California in the center of the website and a Ferrari California logo on the top left of the website. The website offers unique tools that different from other websites. In the website, visitors can change the exterior color of the car, interior color, brake color, and change the rims of the car. In addition, visitors can also see the convertible model of the car. Besides looking at the car, the website allows visitors to hear the sound of the car as well. The website also has some other features. It allows visitors to download the pictures of the car for visitors' computer's wallpaper. There is also a registration button for the visitors who are interested in buying Ferrari California; those people will be contacted by one of the Ferrari representatives and will receive updates or news in regards to Ferrari California. The website also offers seven different languages, so visitors can read the websites in their own language. On the bottom of the website, it has a link to [www.Ferrari.com](http://www.Ferrari.com) for visitors who want to know more about other Ferrari cars. In my opinion, the website is very user friendly and attractive. Visitors can interact with the website, so they can hear, see, and feel the car. Overall, the website is very good and it gives visitors detail information regarding the car. However, it does not have detail location of the dealer where to purchase the car and visitors should register if they want to know more detail information. I think Ferrari does it because their cars are very expensive and not many people could afford to purchase one. Therefore, they want to make sure that they have the contact information of the people who are seriously interested in the car, and so their sales representative can contact them personally. The BMW 5 series website address is [www.BMWUSA.com](http://www.BMWUSA.com). In the website, visitors can find all BMW cars. The background color of the website is white and it has many navigation buttons. The BMW logo is located on the top right side of the website and there

are several videos showing different BMW cars. The first impression when visitors see the website is simple and efficient. The website also offers the same tools as the Ferrari website. Visitors can change the exterior color of the car, interior color, and change the rims of the car. In addition, visitors can also see the different model of the BMW cars. The website also has some other features. It allows visitors to download the pictures of the car for visitors' computer's wallpaper. The website is only offered in English language. There is lots of information in this website, visitors can search for the location of the BMW dealer, and they can choose the type of financial service that they prefer if they are interested in purchasing the car. It also has the company information which includes the history of the company. In addition, visitors can click on the career section to find the current available jobs in BMW. Overall, the website is very user friendly and useful. Potential buyers of BMW car can get an exact price quote of the car they are interested in and select the type of financial services offered for the car. If the visitors want to see the car in person, they can also locate the BMW dealer. The website address for Honda Fit is [automobiles.honda.com/fit](http://automobiles.honda.com/fit). The website looks similar to BMW website, but it has a combination of white and black background color, and the logo is on the top left of the page. It has a very simple and exciting look. When visitors first open the page, there is a video of Honda Fit in the center of the page. The website also offers the same tools as the BMW website. Visitors can change the exterior color of the car, interior color, and add the accessories to the car. It also has a great detail information about the car. In addition, visitors can also see the different model of the Honda cars. The website is only offered in English language. The website also has some other features. It allows visitors to download the pictures of the car for the computer's wallpaper. There is lots of information in this website, visitors can search for the location of the Honda dealer, and they can choose the type of financial service that they prefer if they are interested in

purchasing the car. The website also offers some special discounts for the potential buyers.

However, it does not have the company information. Overall, Honda website is very user friendly and attractive. It gives potential buyer a great feeling and display on the car. They can also search for the location of Honda dealer just by inserting their zip code.

5. The three cars that I choose have been very well in maintaining and creating their position in the marketplace. I think they have done a very good job. Ferrari may not seem to have promoted their cars often; however they are very aggressive in conducting personal selling and telemarketing. BMW has just recently changed their motto from “The Ultimate Driving Machine” to “Joy”. They try to position themselves as cars that bring people joy. In addition, Honda is creatively promoting their cars as good quality and good price in the market, while its competitor’s reputation, Toyota, has been hit hard from the recalls of some of its cars. I really feel that the consumers are seeing the carmakers as what the companies expect. From the survey that I collected, I received 57 responses. Most of the respondents are college students between 20 to 28 years old, and there several people above 40 years old as well. When they were asked to think about quality between carmakers, 61.4% respondents choose Honda, 56.1% choose BMW, and only 29.8% answered Ferrari. This result demonstrates that Honda has been very successful in positioning themselves in the market, which are college students and new college graduates. Additionally, BMW has done a good job in making its cars as one of the quality car in the market. Ferrari is targeting people above 40 years old, therefore not many college students are familiar with the types of car that Ferrari offers. When the respondents were asked what concern them the most in purchasing a car, 89.3% answered price as the primary concern, 85.7% pick reliability, and 64.3% pick safety. This statistic shows the market type of college students which exactly the same market as what Honda is targeting for its Honda Fits. Based on the survey, we

find that most of college students think of Honda as a good quality car with good price. Ferrari and BMW are not targeting these people, so it creates unfamiliarity to these carmakers, especially Ferrari.

6. All car manufactures always faces different issues in different countries. Sports cars can have legal problems in developing countries with strict regulation such as Indonesia, Malaysia, etc. In addition, most of the carmakers have to deal with financial issues such as tax, duty, and shipping fees, when they try to sell their cars out of their origin countries. Below are the SWOT analyses on the three cars that I chose.

**Ferrari California**

<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>- Very strong brand reputation</li> <li>- High quality product</li> <li>- Unique product</li> <li>- Car performance</li> <li>- Few competitors</li> <li>- Market is very difficult to enter</li> <li>- Low investment in manufacture facilities, no need to outsource production.</li> </ul>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>- Targeted to only high income people</li> <li>- Not environmentally friendly, very high gas consumption</li> <li>- Product has to be made in the origin country. Duties, tax, and shipping fees lead to higher car price.</li> <li>- Low production volume</li> </ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>- Innovation</li> <li>- Product expansion or development</li> <li>- Market expansion and development in developing countries</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>- Economic recession</li> <li>- New car regulation (low emission)</li> </ul>

**BMW 5 series**

<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>- Strong brand reputation</li> <li>- High quality product</li> <li>- Product can be outsourced which lead to lower price.</li> <li>- New product development</li> </ul>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>- Targeted to only medium and high income people</li> <li>- Require high production facilities investment.</li> </ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>- Innovation and development of technology</li> <li>- Produce more environmental friendly cars</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>- Economic recession</li> <li>- New competitors in the market</li> </ul>

**Honda Fits**

<b>Strengths:</b> <ul style="list-style-type: none"> <li>- Low price</li> <li>- Reliable product</li> <li>- Have large target market</li> <li>- Low gas consumption</li> <li>- Product can be outsourced which lead to lower price.</li> <li>- High production volume</li> </ul>	<b>Weaknesses:</b> <ul style="list-style-type: none"> <li>- Low brand loyalty</li> <li>- Require high investment in production facilities.</li> </ul>
<b>Opportunities:</b> <ul style="list-style-type: none"> <li>- Being green, produce more hybrid cars</li> <li>- Economic slow down</li> </ul>	<b>Threats:</b> <ul style="list-style-type: none"> <li>- New competitors</li> <li>- Tough competition from Toyota and other carmakers.</li> </ul>

7. My primary choice is Ferrari California. Ferrari takes care of its customers in a very different way compare to the other carmakers. Since Ferrari cars are very expensive, their customers will expect very good customer service. All of the Ferrari customers have very high income level which means that its target market is highly focused on certain groups of people only. Consequently, Ferrari has to keep and manage all their customers' information properly. I think Ferrari has a good Customer Relationship Management (CRM). In its website ([www.ferraricalifornia.com](http://www.ferraricalifornia.com)), people who are interested in more detail information regarding the car is required to register and give the contact information to Ferrari. With that information, Ferrari sales representative will then contact the potential buyer and do personal selling. Additionally, Ferrari can also locate and find out who are its customers. That information will also reduce Ferrari promotion costs because Ferrari can just email or mail its promotion to people who certainly have interest in one of the Ferrari cars. If they are about to put an advertising on certain location, they can put it in a region with their targeted market. The other two competitors, BMW and Honda are not as aggressive as Ferrari in collecting customers' information. People can get detail cars information without registering to their websites. For

example, people can customize add accessories to the car, and in the end will get a detail price quote for all the customization added to the car. The websites also shows you the location of the dealer that currently have inventory on that particular car. However, BMW and Honda are targeting different market than Ferrari, their market are more common and including larger groups. As a result, they are can almost promote their cars anywhere in the world without having to collect too much detail information. They can just look for the general income distribution chart to decide which regions they want to run promotion on. The three of the cars manufacturers address some kind of lifetime value for its customers; however, they have different programs and services. Ferrari, in order to maintain good relationship with its customers, they create customer support programs which include sales and after-sales assistance, customer service, sales and technical training, and warranty administration service. Here are its customer support programs, Ferrari Roadside Assistance, a 24 hour / 7 day a week breakdown assistance to all new vehicle and Ferrari Approved Vehicle during the warranty period of the vehicle. Ferrari Concierge, a special customer care service that offers information and support all Ferrari events and programs. Ferrari Financial Services, a program that offers customers a wide range of financial programs designed to facilitate the purchase or lease of all types of Ferrari cars. The Ferrari Automobile Insurance Program, a program that is designed to provide insurance coverage for Ferrari cars. Ferrari Power service coverage, a premium program that performs all repairs and parts included in the various levels without additional charge by an authorized Ferrari dealership's service center. Ferrari also offers driving programs for its customers to experience different types of Ferrari cars in a safe and luxurious environment. BMW also offers similar service for four years without charging any fee. It includes new vehicles warranty, BMW maintenance program, BMW assist safety plan, and unlimited mileage roadside assistance. Those programs are included when

customer purchases new BMW from the dealership. Honda has similar benefit called Honda Care; however, its customers have to pay for these extra services. Honda free service is only 3 to 5 years warranty on different parts of the car. Between all three carmakers, Honda offers the least service, and BMW offers the best service for its customers.

8. The three carmakers that I chose have been addressing the societal marketing concept since the past decades. However, each of those carmakers addresses the issue differently. Ferrari have improved and upgraded all their manufactures facility and process in Italy to be more environmentally friendly; they use solar power for electricity, let employees ride bicycle within the manufacture complex to save energy, and they create small plantation inside its manufacture. Ferrari is trying not to pollute in its manufacture facilities. In early 2010, Ferrari unveiled its first hybrid car the 599 HY-KERS. Even though Ferrari characteristically is not a car that would be suitable for hybrid technology, it tries its best to address the environmental issue that is arising. In addition, Ferrari also created some charitable events the help the needy. For example, Ferrari donated \$601,000 for the people in Haiti this year from the auction of the first Ferrari 458 in United States; Ferrari also auctioned Ferrari 599 in China and donated the money for Chinese students. BMW has been more aggressive in addressing the societal marketing concept than Ferrari. In its manufacture in US, BMW uses methane gas from the local landfill instead of natural gas. Its manufacture is consisted of the efficient cogeneration of electricity and hot water. Moreover, BMW's global production network has reduced CO2 emissions by 30% in the last 10 years, and they continue innovating and producing cars that are more environmentally friendly. The new innovations that they have are hydrogen technology and ActiveHybrid technology, which reduces both fuel consumption and emissions of BMW cars by more than 10 percent. Besides addressing environmental issue, BMW also involves in charitable programs. BMW

provides scholarships to many college students across US. Compare to the other two carmakers, Honda is the most aggressive in addressing the societal marketing concept. Honda has three programs to reduce pollution and be more environmentally responsible. Firstly, Green Building, most of its production plants in US are ISO 14001 (Environment Management System) certified and having zero waste landfills. Secondly, Environmental technology, Honda has the most fuel efficient and low emission cars in the market. It produces hybrid and fuel cell technology. Thirdly, philanthropic principles. Honda encourages its employees to be involved in community and become volunteers in different charitable events. Honda also created Honda Foundation to help student continuing their education by giving grants and scholarships.

9. Ferrari may seem to be a very vulnerable product in economic recession. A lot of rich people have less assets in these difficult times, and most people try to save money and spend less in luxury goods. It is estimated that Ferrari's target market is becoming smaller now than before the recession. Nevertheless, due to its low production volume, Ferrari claimed that the company is still doing fine in this economic situation. Even though BMW is targeting medium to high income level people, it turned out that they are having more difficulty than Ferrari in this economic situation. The reason for that is because BMW has much higher production volume compare to Ferrari. A lot of BMW cars are not selling. In this recession, people try to save money by keep driving cars that they currently have. The last carmaker is Honda. Honda's car prices are cheap and it targets low income people; nonetheless, they also face financial crisis just like BMW. Although the price of the car is cheap, their target market is the most vulnerable to financial crisis which causes lay off and hours cut. Honda produces very high volume of cars which get them into trouble in this recession.

**10.** I think the personal selling really affects the final consumers in deciding to buy the products, especially in the car market. Since the price of the car is much more expensive than the other products, consumers need special person such as car salesman to help them decide which car they should purchase. Most of the consumers have a lot of detail questions regarding the car they would like to purchase, and car salesman who does personal selling is able to help consumers answer all the questions. Therefore, personal selling is the best way to sell cars. The suppliers of the parts and material of the cars are also doing some promotion efforts, although it is not as aggressive as the carmakers. First, the suppliers have to do personal selling to the carmakers, the supplier sales people visit the headquarters of the carmakers and talk to them about using the parts of material from the supplier. For example, Ferrari has decided to let Brembo supply brakes for all of its cars. Second, some suppliers also promote their products through advertising such as sponsoring events or sports team. Ferrari tire supplier, Pirelli, is very aggressive in sponsoring their products in sports team or event such as World Rally Championship (WRC). Those promotion efforts by the suppliers can sometimes greatly affect the final consumer feeling of benefit once they bought the product. If the consumers know that their cars are using Pirelli tires, or Brembo brakes, and if they see the advertising by those companies, then the consumers will feel that they got good parts as well, not just good cars.

**11.** From the three products that I choose, I think Ferrari has the best opportunity to make its customer to buy more because its customers are rich and loyal. First, I would collect all of the Ferrari's buyer contact information, and then sort the data by the type of cars they buy. If they just buy recently, like few months, then I will just send a thank you letter and some kinds of promotion of extra services or event related with Ferrari. Customer buying more than one to two years will be called and invited to a test drive event of newer Ferrari cars. If the customers have

bought the cars more than three years, then I will call and invite them to a test drive of the new Ferrari cars, also explain to them the brief features and information of the new cars. If they come to the invitation event, I will ask the customers to either buy a new car or trade the cars they are currently driving with the new ones. Overall, I think these plans above will increase the customer's loyalty and the amount of new car purchases by the best customers.

- 12.** Ferrari is not very aggressive in promoting its products thru media such as television and magazine. However, Ferrari sponsors a lot of racing events which draw attention to many car fanatics. The most famous event that Ferrari takes part in is Formula One; Ferrari becomes the major participant in that event. That kind of promotion is very effective because the people who see it will most likely remember it. On the other hand, BMW is very aggressive in promoting its products thru media such as online ad, TV, newspaper, billboards, and magazines. BMW decides to do that because it targets a lot more people than Ferrari. Similarly, Honda has also been doing very aggressive advertising efforts. It promotes its product thru all kinds of media. I think my favorite advertising campaign is BMW 5 series TV commercial. In that commercial, the BMW car was driven in a downtown area and many executives and professional looks at the car. Then the car was going to a suburb area, then back to downtown. Along the way, the ad shows the interior of the BMW 5series in details and the new features that the car has. I like that ad because it incorporates the feeling of elegance, finest quality, quiet, clean, and energy efficient products.
- 13.** The three activities in the Ferrari supply chain process are shipping the Ferrari from Italy to United States, warehousing the cars in United States, selling the car to final consumer in dealerships. Ferrari centralized its car production to a single plant in Italy. Therefore, if they want to sell the cars in US, they have to ship the car from Italy to US by ship. In shipping the cars, Ferrari has to be very careful because the cars are very expensive and there is a very high

chance that some people would want to steal the cars. After the cars arrive in US, the cars have to go through US custom for tax and duties, then Ferrari has to store it in a warehouse until it has to be ship to Ferrari dealerships. Again, security becomes the main issue. Then, the cars are shipped to different Ferrari dealerships throughout US by special trucking companies. BMW is a little different than Ferrari because they built production plant in US. Most of the BMW cars sold in US are manufactured locally. Thus, they only have to ship the car from the plant in New Jersey to dealerships across US with trucking carriers. BMW also stores most of their cars in the dealership, often outside the dealer on the parking lot. There is not much of security issues for BMW. Honda has the same situation as BMW, they built plant in US, so most of the cars sold in US are manufactured locally as well. However, some of the materials are supplied from other countries such as, Japan and China. The materials are shipped to the plant in US, then Honda just have to assembled the cars. After they finish producing the cars, they ship the cars to Honda dealerships across US and store the cars there until it sold. That is one of the reasons why we always see lots of Honda cars in front of its dealers.