Positioning of Luxury Vehicle Brands in the Pietermaritzburg Area

Debbie Vigar-Ellis
Nick Barrett
Nigel Chiweshe

Abstract
This article outlines research conducted to determine the attributes consumers consider when purchasing a luxury vehicle. Two hundred and ninety two questionnaires were distributed in the luxury car showrooms within Pietermaritzburg. The determinant attributes were found to be safety, reliability, comfort, performance, aesthetics and service. Positioning maps were constructed indicating how consumers perceived various luxury brands. While MBW and Volvo appear to have achieved unique positions in the minds of respondents, Mercedes-Benz occupies the position of best all-round luxury vehicle.

Keywords: Attributes, customer perceptions, luxury vehicle brands, positioning.

Problem Statement and Objectives
Customers make purchase decisions based on their perceptions of brands. The position of a brand is the place it occupies in the consumer's mind on key attributes and is relative to competitors. Brand positions in the luxury sector of the motoring industry are important as this industry is highly competitive including well established brands as well as new emerging brands. To be selected a brand must be perceived to be superior to competing brands on attributes that are important to the consumer. This article aims to determine which attributes consumers of luxury vehicle brands in the

Pietermaritzburg area consider important when making a brand choice. It also seeks to determine the positions that the various brands occupy in these consumers' minds.

Once positions have been established, organisations can put together strategies to either reinforce a desired position, or change the position.

The objectives of the research included:

1. To determine which attributes are important to consumers when choosing a brand of luxury vehicle, and
2. To determine how they rate selected brands on these key attributes.

Positioning: A Theoretical View

'Positioning is the act of designing the company's offering and image to occupy a distinctive place in the target market's mind' (Kotler, 2000: 298). 'Competitive positions combine a firm's choice of target market with the differentiated value proposition it intends to deliver to that target' (Burke, 2008:2).

Kotler (2000:298) mentions that Al Ries and Jack Trout, who were advertising executives, came up with the word 'positioning'. Ries and Trout (1981) state that positioning is purely a communications issue i.e., the product/service is given, the objective however, is to manipulate the customers' perceptions of reality (Kotler, 2000:298). It is 'not what you do to the product, but what you do to the mind' (Trout & Rivkin, 1996: ix). 'That is, you position the product in the mind of the prospect' (Kotler, 2000:298). Keegan (2002:339) says that positioning is a 'communications strategy based on the notion of mental 'space'. Positioning refers to the act of locating a brand in customers' minds against other products in terms of attributes and benefits that the brand does or does not offer.' These definitions support the notion of positioning being mainly a communications exercise.

Payne (1993: 95) however, defines positioning as being 'concerned with the identification, development and communication of a differentiated advantage which makes the organisation's products and services perceived as superior and distinctive to those of its competitors in the mind of its target customers'. It is thus more than merely a communications strategy. Van der Walt, Strydom, Marks and Jooste (1996:133) say that positioning relates to

finding the fit between a specific market offering and the needs of the target market. Kaul and Rao (1995: 293) indicate that literature suggests that " a firm should optimize its goals with respect to product attributes and then translate these attributes into characteristics and levels of marketing mix variables'. Lovelock and Wirtz (2007:195) state that positioning is much more than just 'imagery and vague promises. [It] entails decisions on substantive attributes that are important to customers, relating to product performance, price and service availability'. The position of a product is thus affected by various elements of the marketing mix including pricing, distribution and the product itself (Shostack, 1987:34, Tyagi, 2000:928). It is therefore important to manipulate the entire marketing mix to position the product rather than attempting to manipulate the customer's mind via advertising alone.

The authors support the argument that while the objective is to occupy a particular place in the mind of the consumer, all elements of the marketing mix are necessary to achieve this.

The Importance of Positioning

Tyagi (2000:928) indicates that positioning the product is a key marketing decision when a firm enters a new market. It underpins the entire marketing strategy (Payne, 1993:120) and 'is difficult to change in the short-run owing to high product repositioning costs' (Tyagi, 2000:928). Positioning focuses on differentiating products and services to ensure that they do not degenerate into a commodity (Payne, 1993:120). If a product does not hold a position in the mind of the consumer, they are unlikely to purchase it. A marketer needs to give the consumer a reason to purchase the product.

Lovelock (1996:169) also states that positioning plays a pivotal role in marketing strategy. Ries and Trout (2000:67) state that 'positioning enables marketers to establish what position they are currently occupying, where they would like to be and how exactly they will achieve this'. Payne (1993:120) suggests that 'knowledge of positioning enables companies to consider and possibly predict competitors' actions which can aid the planning of responses'.

The position a product occupies is central to the consumer's choice between competing products (Alford, 1998:67). Thus the position that a

product holds in the mind of the consumer is the way that a consumer perceives a particular product. The consumer's perception ultimately leads to the way that they behave and make decisions about the product.

Positioning is about Perceptions

'Positioning as a perception is a measure of how customers rate the offering in relation to other products considered in a purchase decision. It is ultimately this consumer perception of a position that matters as it the most fundamental aspect in a purchase situation' (Adcock, 2000:19). Perception is defined as 'the process by which an individual selects, organises, and interprets stimuli into a meaningful and coherent picture of the world' (Schiffman & Kanuk, 2004:158). It can be described as 'how we see the world around us' (Schiffman & Kanuk, 2004:158).

A stimulus is any unit of input to any of the senses: sight, hearing, touch, smell and taste (Kotler and Armstrong, 2004:193). These senses come into play in the evaluation and use of most consumer products. Examples of stimuli include product attributes, packages, brand names and advertisements. But, not everything that is detected by the senses is taken in, organised and interpreted to form a meaningful picture, just as a person who lives in a busy street with lots of traffic will not take notice of cars hooting (Schiffman & Kanuk, 2004:159). Therefore a person selects what stimuli they take in to form meaningful coherent pictures of the world (Schiffman & Kanuk, 2004:159). Therefore marketers are not guaranteed as to which stimuli will be selected by individuals to interpret. Marketers may use an advertisement to send a message, but an individual may not select the advertisement to interpret and may select other stimuli which may not be consistent with the advertising message. Garden (2000:2) provides the example that if through advertising, an organisation is aiming to communicate an image of professionalism, but the personnel provide less-than satisfactory service, it is not certain which perception any customer may retain as representative of the organisation. As mentioned, the position of a product is affected by various elements including pricing, distribution and the product itself (Shostack, 1987:34). Therefore it is crucial that the entire marketing mix is consistent so that the same message will be received no matter which stimuli an individual selects to interpret.

It is important that a company knows what its customers think; what they believe to be important attributes and how they perceive different brands to perform on those attributes, as this is directly related to what the company wants the customers to think about their product or wants them to perceive. Then the company may have to reposition itself by either physically changing its product or altering its promotional campaign to change perceptions of the company image.

Basis for positioning

Kotler (2000:302) identifies the following bases of positioning: attribute; benefit, use or application, user, competitor, product category and quality or price positioning.

Positioning Process

Payne (1993:117-118) gives the following five steps in the process of positioning:

Step 1: Determine the levels of positioning

This involves deciding on whether to position the industry as a whole (industry positioning), the organisation as a whole (organisational positioning), a range or family of related products offered by the organisation (product sector positioning), or the positioning of specific products (individual product or service positioning).

Step 2: Identify key attributes of importance to selected segments

The company needs to research and identify what needs are important to the specific target group. Payne (1993:117) says that the way in which the purchasing decisions are made should be considered. Individuals, as opposed to companies / groups, make different decisions for different reasons. The attributes that are important to the target market, need to be identified. Winner (2007, cited in Ostaseviciute & Silburyte 2008:98) proposes that marketers must ask 'What dimensions do consumers use to evaluate product offerings in the industry or category?'

Step 3: Locate the attributes on a positioning map

Mercer (1992:266) describes product-positioning/perceptual maps as maps that are drawn with their axes dividing the plot area into four quadrants, the parameters used in measuring position usually run from high to low or positive to negative. Hair, Bush & Ortinau (2006:531) define perceptual mapping as 'a process that is used to develop maps showing the perceptions of respondents. The maps are visual representations of respondents' perceptions of a company, product, service, brand or any other object in two dimensions'. 'The technique of perceptual mapping helps marketers to determine just how their products or services appear to consumers in relation to competitive brands on one or more relevant characteristics. It enables them to see gaps in the positioning of all brands in the product or service class and to identify areas in which consumer needs are not being adequately met' (Schiffman & Kanuk, 2004:184). A review of positioning articles in tourism and marketing in a study by van Wyk and Strydom revealed that perceptual preference mapping is the most common technique used.

Step 4: Evaluate positioning options

Once a brand or product's position has been determined, a company has 3 options (Payne, 1993:118):

a) Strengthen the current position against competitors
b) Identify an unoccupied market position
c) Reposition the competition

In determining the desired position, the company must also assess it's resources and capabilities. According to Burke (2008:26), 'the firm must determine whether there is a fit between the positional opportunity and organisational capabilities in terms of their ability to achieve the desired position in the market'. She goes on to say that this balance is critical. A position chosen on the basis only of what customers want and not what the organisation can deliver, is likely to be as ineffective in terms of marketing strategy as one that focuses internally on what the company can do, rather than what is important to the customer (Burke, 2008:27).

Step 5: Implement the desired positioning strategy
Once an option is decided upon and a position chosen, it needs to be delivered and communicated to the consumers. This involves using all the elements of the company, (staff, policies and image) to reflect a similar image, which together illustrates the desired position to its target market (Payne, 1993:118).

The Marketing Mix in Positioning

The marketing mix is defined as 'the elements an organisation controls that can be used to satisfy or communicate with customers' (Zeithaml & Bitner, 2003:23). Kotler (1997:88) defines the marketing mix as 'the particular blend of controllable marketing variables that the firm uses to achieve its objective in the target market'. The marketing mix needs to be adapted to meet the needs of the target market for the company to obtain a competitive position within the chosen market (Kotler, 1997:88). Hooley, Saunders and Piercy (2004: 52) suggest that 'each of the marketing mix elements—product, price, place, and promotion—should be designed to add up to the positioning required'. It is important to look at the marketing mix in positioning as there is no guarantee as to how an individual will interpret any individual element of the marketing mix (Garden, 2000:2). This is why it is so important that there is strong coherence in all aspects of the marketing mix. The entire marketing mix needs to be consistent with the image that the company is trying to portray in order to be effectively positioned in the mind of the consumer.

The traditional marketing mix for a product consists of the four P's which are product, price, place (distribution) and promotion (Zeithaml & Bitner, 2003:23). The automobile industry however does not just provide a product. They provide services including customer service, vehicle servicing, repair and finance. Therefore the automobile industry should use the expanded mix for services, in other words the seven P's which include the traditional marketing mix of product, price, place (distribution) and promotion as well as people, physical evidence and process (Zeithaml & Bitner, 2003:24).

Organisations face strong competition within the marketplace and ultimately marketers have to find a unique and defendable position for their goods and services against alternate choices. Organisations should target

those segments which they can serve better than all competitors on attributes important to those chosen segments.

Luxury Vehicle Brands

The image that a brand represents is very important in the luxury division of the motoring industry because consumers are not just buying a luxury car, but the image that a particular car holds. The different brands in the luxury division of the motoring industry are likely to hold different positions within the minds of consumers. This research looks specifically at 5 brands in the luxury vehicle market.

Lexus

Lexus is the luxury vehicle division of Japanese car maker Toyota Motor Corporation. The F1 project, which eventually became known as the Lexus LS 400, aimed to develop a luxury car that would expand Toyota's product line, giving it a foothold in the premium segment and offering both longtime and new customers an upmarket product (Rowley, 2006:4). 'The United States, more open to the idea of a high-quality Japanese `car, took to the Lexus quickly' (Simister, 2008:1). Lexus is now the top selling luxury brand in the United States (Burger, 2008:1) and in 2006 they sold 322434 vehicles in the United States, which was more than any other luxury brand in the United States (Cassidy, 2006:5).

Although Lexus has had success in the US since its introduction, it has had more modest success outside North America (Rowley, 2006:7). 'It took longer in Europe partly because early Lexuses were hardly objects of beauty' (Simister, 2008:1). L-finesse is used today to describe the Lexus' design features and 'today's range has a sharper, cleaner style and is more appealing' (Simister, 2008:1). Lexus have used the slogan 'Pursuit of Perfection' (Waterman, 2006). Lexus have also added the J.D. Power and Associates quality survey to their marketing campaign which they have 'won for a number of years in the United States' (Waterman, 2006: 8).

BMW

BMW (Bavarian Motor Works) began in 1918 as an aircraft engine manufacturer. The blue-and-white BMW logo first introduced in 1920, and

still used today, symbolize a spinning white propeller on a blue-sky background (BMW Drives, 2008:2).

BMW has always emphasised the performance of their cars in their positioning. The 3-series tagline in 1975 was 'Ultimate driving Machine' (Danzig, 2004), but more recently BMW have shifted their focus to the driving pleasure of their cars. The current slogan is 'Sheer Driving Pleasure' (BMW, 2008:1) and is communicated in all their advertisements and brochures. BMW have positioned themselves as a driver's car, giving the driver the best driving experience available (BMW World, 2008:10). 'BMW built its brand to be synonymous with performance and driving experience' (Danzig, 2004:1). The brand character and tone is 'serious, focused and engaged' and has achieved a 'highly coveted brand franchise by successfully cultivating an extremely loyal following of luxury-performance automobile customers' (Danzig, 2004:1).

Mercedes-Benz

South Africa is Mercedes-Benz's biggest market (after the US, Japan and Germany) for the C63 AMG 'with more than 4000 units sold between 2001 and 2007' (Stephenson, 2008:1). Mercedes-Benz labeling is that of the 'Mercedes Star'. This 'emblem, badge or star represents prestige, status and quality' (Schnetler, 2002: 20). Mercedes-Benz position themselves as being a world leader in automotive performance, engineering, safety and quality (Mercedes-Benz, 2008:1). They have become 'world renowned for their impeccable build quality, luxury and style' which is the base of the company's image which is portrayed to the world (Schnetler, 2002:57). Over the years they have been perceived as being an over-engineered automobile which exceeds expectations in every facet of an automobile (Schnetler, 2002), sometimes even by their own admission (Biggs, 2008:1). Mercedes-Benz emphasises it's long history as a foundation to the development of advanced technologies such as their night view assist and rear view monitor (Mercedes-Benz, 2008:1).

Audi

Audi has been positioned using the slogan 'Vorsprung durch Technik' which roughly translated means 'advancement through technology'. Audi describe these words as encapsulating the Audi philosophy of progress and innovation

and their 'forward thinking ability to anticipate the needs of rapidly changing times by consistently creating cars that evolve with human kind' (Audi, 2008:1**).** Audi has positioned itself as being on the cutting edge of innovation and technology (Audi, 2008). Their racing heritage and Quattro technology designed for racing and road holding which are used in their marketing (Audi, 1996:4). The LeMans 24 hour endurance race which Audi has won on a number of occasions (Audi, 1996:16) , is also used by Audi in their marketing (Schnetler, 2002:24).

Volvo

'The Volvo Group views its corporate culture as a unique asset, since it is difficult for competitors to copy' (Volvo Group, 2008:1). The values of safety, quality and environmental care are important components of this culture (Volvo Group, 2008:7). Volvo has positioned itself on the importance of the family and their comfort and safety whilst driving in a Volvo. Volvo has even incorporated an accident research team to ensure safety (Volvocars, 2008). This fact is communicated to the public in order to position Volvo as the safest car in the world. 'The global brand tagline 'Volvo for Life' is linked to the company's heritage' (Volvocars, 2008:2) and enforces their positioning of safety and the protection of human life. For the future, president of Volvo Cars, Stephen Odell says 'We intend to deliver more dynamic designs while maintaining our leading position in safety' (Motoring, 2008:1).

Research Methodology

Exploratory research was conducted using a questionnaire which included closed and open questions. The questionnaire allowed the researcher to obtain fairly large amounts of qualitative and quantitative data. The questionnaire was piloted on 10 students purposively selected at the University of KwaZulu-Natal. The pilot sample was selected to include both genders and all race groups to try to ensure representivity. It is acknowledged that this sample was not necessarily representative of the population and this is a limitation but it did indicate that there were no ambiguities or confusion regarding the questions. Respondents understood all questions, however font size and the layout of the questionnaire were

adjusted in order to improve reader friendliness. The questionnaires were then distributed at the showrooms of the selected brands (Volvo, Lexus, Mercedes-Benz, BMW and Audi) in Pietermaritzburg over a 2 month period.

Convenience sampling, a form of non-probability sampling was used and people were selected haphazardly until the sample size was reached. Time and resource constraints limited the sample size to 300. This yielded a usable sample of 292 people. Non-probability sampling was used because the researchers were unable to specify the probability of any element or member of the population being included in the sample (Welman, Kruger & Mitchell, 2007:68). Hair, Bush & Ortinau (2003:361) with reference to convenience sampling, state that 'it is not possible to accurately assess the representativeness of the sample'. This is obviously a limitation of this research as findings may not be generalised to the broader population with any degree of confidence. However attempts were made to improve the representivity of the sample by including all the dealerships in the Pietermaritzburg area that sell new cars of the luxury brands mentioned above. Thus the sample represented a census of the dealerships but not of the customers visiting these dealerships as this was not possible. Data were also collected over a 2 month period on various days including weekdays and weekends to try to ensure that all types of customers across a broad spectrum of age, race, gender and occupation was included.

Of the respondents, 67.5% were male. This uneven spread was likely because the research was done at the showrooms of the respective brands and the majority of the customers that walked in were males. The majority (88.7%) of the people were between the ages of 20 and 50. The majority of the respondents were White (63%) followed by Indian (18%) and Black(13%).

Data Analysis

The statistical programme SPSS was used to analyse the data. Descriptive analysis was the main form of analysis.

Chronbach's coefficient alpha was used as a measure of internal consistency for the questions related to the various attributes. Chronbach's coefficient alpha 'is a measure of the internal consistency of a measurement. This index shows the degree to which all the items in a measurement measure the same attribute' (Welman *et al.*, 2007:147). A coefficient alpha

of 0.615 was achieved. According to Hair *et al*. (2003:397), 'Values of less than 0.6 would typically indicate marginal to low (or unsatisfactory) internal consistency'. Simon (2007) states that some authors consider values as low as 0.6 acceptable for exploratory research.

Results

Respondents were asked to indicate their top three choices of luxury motor vehicles. There were a number of different responses namely Volvo, Mercedes-Benz, BMW, Audi, Lexus, Land Rover, Range Rover, Aston Martin, Bentley, Toyota Prado, Jaguar, Chrysler, Jeep, Alfa Romeo and Rolls Royce. The most common choices by the respondents however were BMW with 68% of respondents listing it, Mercedes-Benz (65%), Audi (56%) and Lexus and Volvo each with 21%. The other brands were only chosen by 1% to 4% of the respondents.

Important Attributes

The respondents were asked to rate attributes on a scale from 0 to 5 in terms of their influence on the customer when selecting a brand of luxury vehicle. Various factors were tested but those relevant to this particular article were comfort, reliability, aesthetics (including elegance and styling), safety, performance and image/status attached to the brand. These attributes were selected from promotional material on the various brands. As seen in Table 1, the most important attributes to consumers were found to be reliability (mean of 4.73), safety (mean of 4.7), comfort (mean of 4.61) and then performance (mean of 4.43). The rest of the vehicle attributes had means below 4.

Table 1*: Important Attributes*

	Comfort	Safety	Reliability	Performance
Mean	4.61	4.70	4.73	4.43
Std. Deviation	0.64	0.64	0.71	0.88

Rating of Selected Brands on Key Attributes

The respondents were asked to rate selected brands on various attributes using a scale of 1 to 5 where 1 = Very poor; 2 = Poor; 3 = Average; 4 =

Good; 5 = Very Good. The following table shows the means for each brand for each attribute.

Table 2*: Means of the brands in relation to the respective attributes*

	BMW	Mercedes -Benz	Audi	Volvo	Lexus
Reliability	4.13	4.47	4.05	3.96	4.24
Safety	4.30	4.55	4.23	4.68	4.35
Comfort	4.08	4.54	4.12	4.21	4.35
Performance	4.66	4.18	4.28	3.74	3.97
Technologically Advanced	4.48	4.46	4.28	4.14	4.37
Elegance	4.00	4.67	4.04	3.65	4.08
Style	4.25	4.19	4.31	3.44	3.89
Status	4.52	4.60	4.06	3.55	3.76

Table 2 indicates the mean scores of the 5 competitors on each of the factors measured. In terms of the 4 most important attributes :

Mercedes-Benz was rated the highest in reliability with 49% of respondents rating it very good (5out of 5) on reliability. Lexus followed closely with 46% of respondents rating it 5.

Volvo was perceived by the respondents as being the safest car with 74% of the respondents giving it a rating of 5. Mercedes-Benz is seen as the next safest car with 60% of the respondents giving it a rating of 5.

Respondents rated Mercedes-Benz as being the most comfortable vehicle of the 5 different brands with 64.2% of the respondents giving it a rating of 5.

BMW scored the highest in performance with 71.7% of the respondents giving it a rating of 5 out of 5.

On the less important attributes, Mercedes-Benz, BMW and Lexus were perceived to be very similar in terms of being technologically advanced with 60%, 58% and 57% of respondents respectively, rating them 5 out of 5. Mercedes-Benz was rated the most elegant vehicle with 72% of the respondents giving it a 5. Audi was rated the highest in terms of style with 54% of the respondents giving it a rating of 5. BMW was a close second with 51% of the respondents giving it a 5. Mercedes-Benz (67%) and BMW (65%) were rated highest in terms of status.

Positioning Maps

Positioning maps were drawn to show visually how the competing brands were positioned in the minds' of respondents on the key attributes. The means for the two most important attributes (reliability and safety) were plotted on the map as seen in Figure 1.

Figure 1*: Positioning Map of brands in relation to Reliability and Safety*

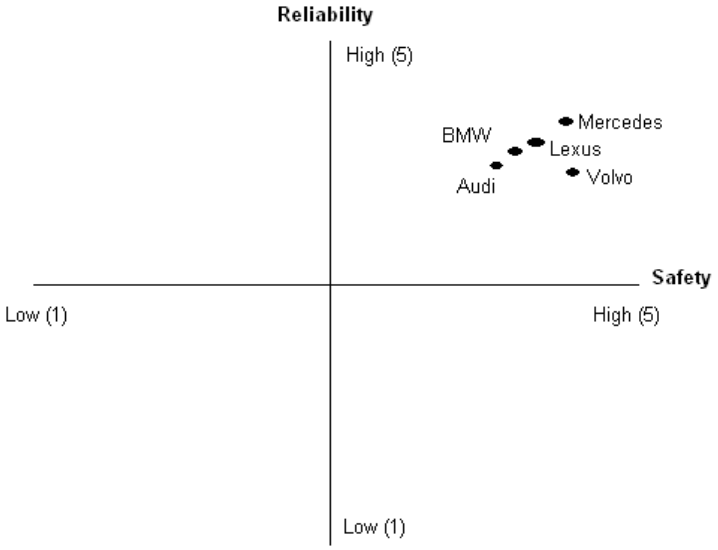
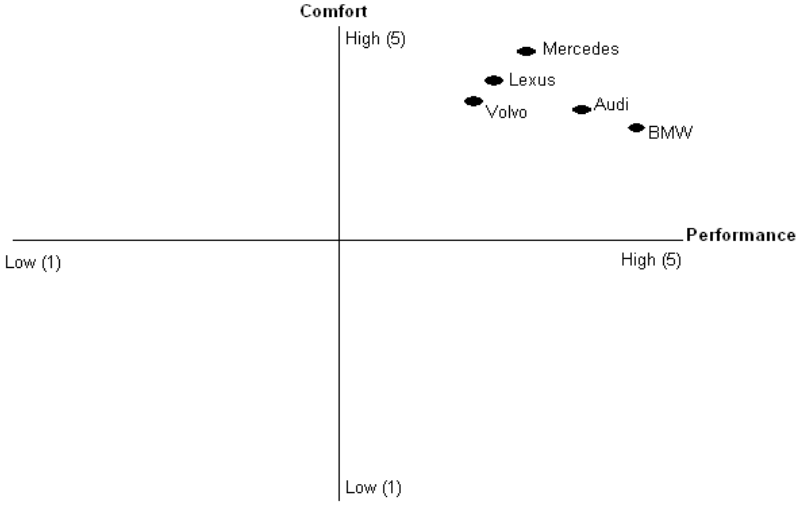


Figure 1 shows the positioning map of the respective luxury brands in relation to reliability and safety which were the two most important attributes to the respondents. The brands were fairly close but Mercedes-Benz was perceived as being the most reliable vehicle and Volvo was perceived as being the safest vehicle. Overall in terms of safety and reliability combined, Mercedes-Benz was the best positioned of the 5 brands with a high rating in safety and reliability with a mean of 4.55 and 4.47 respectively. This can be attributed to the fact that Mercedes-Benz has been positioned as an over-engineered car for a number of years in the pursuit of excellence and quality (Schnetler, 2002:58). Mercedes-Benz have even patented the solid 'thunk' sound of their doors closing which epitomises the solid build quality of their

cars (Schnetler, 2002:56). By being positioned as over-engineered they have thus become known as safe and reliable in the mind of the consumer.

Comfort and performance were the next two most important attributes and the brands were positioned as follows in relation to these attributes.

Figure 2*: Positioning Map of brands in relation to Comfort and Performance*



Comfort and performance were also important attributes to the respondents with means of 4.61 and 4.43 respectively. Mercedes-Benz was perceived as the most comfortable vehicle with a mean of 4.54 and BMW was perceived as having the best performance of the 5 brands with a mean of 4.66. Overall Mercedes-Benz has the best balance of the 5 brands as being perceived as being the most comfortable of the 5 brands and third in performance as seen in Table 2.

BMW were perceived by respondents as having the best performance of the 5 brands which can be attributed to their positioning strategy of 'sheer driving pleasure' which emphasises the performance and drive of their cars (BMW World, 2008:10). By being positioned as a sports saloon with the 3, 5 and 7 series, BMW is not perceived as the most comfortable car. Performance cars have a harder suspension for better handling on the road

and thus have a harder ride (BMW World, 2008:10). It is for this reason that BMW is not perceived as the most comfortable car.

Brand Descriptors

When asked to describe BMW in three words, the most common descriptors given were *performance* by 31% of respondents, *stylish* by 17%, *sheer driving pleasure* by 14%, and *status* by 7% of respondents respectively.

Mercedes-Benz was described as *elegant* (27%), *comfortable* (20%), *classy* (14%) and *sophisticated* (7%).

The most common responses for Volvo were *safety* (47%) and *family* (19%).

Audi was described as *stylish* (25%), *sporty* (10%) and *advanced* (9%).

The most common responses for Lexus were *I don't know* or *Don't have enough information on Lexus* (25%). *Luxury Toyota* was the description given by 9% of respondents.

Discussion and Conclusions

Attributes Consumers Use when Choosing a Brand of Luxury Motor vehicle

Van der Walt *et al.* (1996) say that positioning relates to finding the fit between a specific market offering and the needs of the target market; the better the fit, the larger the market share that can be captured. It is thus important for marketers to determine what attributes consumers look for in a luxury motor vehicle in order to effectively position the brand in the mind of the consumer.

The 4 most important attributes to the respondents in selecting a brand of luxury vehicle were reliability, safety, comfort and performance.

Positions Occupied by the Brands on Key Attributes

Most of the automobile companies position themselves through attribute or benefit positioning as a basis for positioning (Schnetler, 2002:50). Different attributes were looked at in order to see how the different brands were positioned in the minds of respondents in relation to the respective attributes which were found to be important. Reliability was an important factor to the

respondents and the brand Mercedes-Benz was perceived by the respondents as being the most reliable of the 5 brands with a mean of 4.47. Lexus was perceived as the second most reliable car with a mean of 4.24. Mercedes-Benz positioning strategy of being over-engineered (Schnetler, 2002:58) may be the reason for the brand being positioned in the mind of the consumer as being a reliable vehicle. Similarly, Lexus's use of the slogan 'Pursuit of Perfection' (Waterman, 2006:8) may have contributed to perceptions of Lexus being a reliable vehicle. The awards won by Lexus (Waterman, 2006:8) and Mercedes-Benz (Mercedes-Benz, 2008) in the J.D. Power and Associates quality survey may also have supported these positions. None of the brands were described as being reliable when respondents were asked for words that describe the brand.

In terms of safety, the second most important attribute to respondents, Volvo was perceived to be the safest vehicle with a mean of 4.68. Volvo was also described as being safe by 46% of respondents. This was the most commonly used term to describe any of the luxury vehicles. This was not surprising, considering Volvo have marketed themselves as having superior safety for a number of years (Schnetler, 2002:30). 'Positioning is the act of designing the company's offering and image to occupy a distinctive place in the target market's mind' (Kotler, 2000:298). Volvo has clearly achieved this distinctive place in the minds of the respondents.

Mercedes-Benz was perceived as the next safest vehicle with a mean of 4.55, followed by Lexus and BMW. Audi was perceived the worst of the 5 brands but still had a respectable mean of 4.23. All 5 of the brands were perceived as being safe with all of them having a mean greater than 4. Volvo being perceived as the safest of the 5 brands shows that their positioning strategy that emphasises safety as being the most important attribute, appears to be working.

Mercedes-Benz was perceived by the respondents as the most comfortable vehicle of the 5 brands with a mean of 4.54. It was also the only brand to have a substantial percentage of respondents describe it as comfortable. Lexus was perceived as the next most comfortable car with a mean of 4.35 followed by Volvo with a mean of 4.21. Mercedes-Benz and Lexus were perceived as the two most comfortable cars with both of their positioning strategies focusing on quality and comfort. Volvo may also have been perceived as being comfortable, perhaps due to their emphasis on the

family. Audi and BMW were not perceived to be as comfortable as the other brands most likely due to their positioning strategies focusing more on the performance and design of their cars.

On the attribute of performance, BMW was rated the best performance vehicle of the 5 brands with a mean of 4.66. Volvo was perceived to be the worst performance vehicle of the brands with a mean of 3.74. Of the four most important attributes to respondents, performance had the greatest variance in scores across the 5 brands. This may indicate that performance is a better determinant attribute than reliability, safety and comfort which may be seen as minimum requirements in this industry rather than differentiating factors. 'Determinant attributes are choice criteria that are both important and differentiating' (Hutt & Speh, 2004:288). Further research would be required to confirm this.

BMW's slogan 'Sheer Driving Pleasure' enforces the notion of BMW being a performance car built for driving. BMW's entire marketing campaign focuses on the attribute of performance and driving pleasure (BMW World, 2008:10). BMW have thus successfully positioned themselves as the ultimate driving machine in the minds of the respondents. BMW was described by 31% of respondents in terms of performance and by 14% as *sheer driving pleasure*. Like Volvo, BMW seem to have achieved a consistent position and distinctive place in the minds of respondents.

Audi was also rated fairly high in terms of performance which can be attributed to their racing heritage and their technology such as Quattro which was designed for racing and road holding and is used in their marketing (Audi, 1996:4). The LeMans 24 hour endurance race is also used by Audi in their marketing (Schnetler, 2002:24) which has resulted in them being positioned as having good performance.

Mercedes-Benz and BMW were the most popular brands in this study with most of the consumers choosing these two brands. The reason for this is that these brands are well established in South Africa and have strong marketing campaigns. The brands have been in South Africa for a number of decades and have thus become well positioned in the South African consumers' mind. Both the brands have production facilities in South Africa and produce cars for export.

The three brands with the clearest and most consistent positions appear to be BMW, Volvo and Mercedes-Benz.

BMW have used their slogan of 'Sheer Driving Pleasure' in their positioning strategy which has been effectively positioned in the minds of consumers with a large number of the respondents describing BMW with this slogan and with BMW being rated the best in terms of performance. Volvo have consistently positioned on the basis of safety. Volvo was perceived to be the safest vehicle of the 5 luxury vehicle brands and the descriptions of Volvo as being safe and family oriented align with this positioning. Hooley *et al.* (2004:52) suggest that 'each of the marketing mix elements should be designed to add up to the positioning required'. Thus there needs to be strong coherence in all aspects of the marketing mix in order to create this consistent position. For BMW and Volvo this appears to have been effectively achieved.

Mercedes-Benz was perceived to be the most comfortable and reliable of the 5 brands and 2nd safest vehicle. Thus on the 4 most important attributes, overall Mercedes-Benz was perceived to be the best all-round luxury vehicle. This is possibly due to its long history in this market and its reputation for being 'over-engineered'.

Lexus and Audi appear to have been less successful in their positioning. At least for this sample, they do not have a distinctive position aligned with the most important attributes.

Recommendations

Customers differentiate according to perceived differences between products or services (Payne, 1993:109). While actual differences in product features and attributes obviously affect those perceptions, ultimately it is the consumers' perceptions that influence their behaviour. Respondents indicated that the most important attributes considered in their selection of luxury vehicles are reliability, safety, comfort and performance. Luxury vehicle manufacturers need to keep these in mind when positioning their brands.

Dibb (1997 in Maringe, 2006:469) defines positioning as 'the process of designing an image and value so that customers within target segments understand what the company or brand stands for in relation to its competitors'. The luxury automobile industry is a highly competitive market and it is thus important for an automobile company to identify that distinctive

image, value or place in the consumer's mind that they wish their brand to occupy and then implement a full marketing mix to achieve the position.

Berkowitz *et al.* (1992:216) say that it is important for a company to emphasise important attributes where they have relative advantage to what the competition offers. The ability of a firm to differentiate itself from its competitors effectively is the essence of successful positioning (Payne, 1993:96). To differentiate themselves the automobile companies must offer superior value to their customers, thereby creating value in the mind of the customer which will be used when making purchasing decisions regarding their choice of vehicle. Success in positioning the respective automobile brands will come if the positioning is unique. They have to find a position that they can occupy where they consistently outperform the competitors in serving their respective markets on attributes that are important to the customers.

BMW appears to have achieved this in terms of the performance attribute, in that BMW was perceived by these respondents, to be the best of the 5 brands in terms of performance. This is aligned to BMW's positioning slogan of providing 'Sheer Driving Pleasure'. BMW must ensure that they maintain this position through continuing to focus their marketing mix on the creation of, and communication of the brands performance excellence. BMW should be mindful of Audi's actions as this brand was seen to be the closest competitor in terms of performance. Payne (1993:120) suggests that 'knowledge of positions enables companies to consider and possibly predict competitors' actions which can aid the planning of responses'. BMW was perceived to be 'good' on all of the top 4 attributes however BMW must ensure that perceptions regarding safety and reliability do not deteriorate as these attributes were perceived to be more important than performance by the respondents. While it is not suggested that BMW make these part of their positioning statement, they do need to keep the standards high so as to maintain the perception that these attributes are present in the BMW brand. Comfort is an area where BMW may consider making improvements as BMW was scored the worst of the 5 brands on this attribute.

Volvo also appears to have achieved their aim of positioning themselves on the key attribute of safety. As this is an important attribute to customers, this is a relatively good position to occupy. It is distinctive and it successfully matches a need of the respondents with a relative advantage of

the company. Volvo however, should attempt to change perceptions regarding reliability. Volvo was perceived to be the worst of the 5 brands on this attribute which was found to be the most important in luxury vehicle selection. Changes could relate to the actual features of the vehicle which affect reliability or to changing consumers' perceptions regarding the reliability. Either way Volvo should be sure not to dilute their occupied position of being the safest vehicle.

Mercedes-Benz appears to occupy the position of being the best all-round luxury vehicle with particular emphasis on reliability and comfort where it was seen to be the best of the 5 brands but occupied 2nd place in terms of safety. This position therefore needs to be defended. Although still scoring over 4 on the attribute of performance, this is the one area where Mercedes-Benz may want to try to change their position.

Audi and Lexus occupy less distinctive positions on attributes that are important to respondents. Audi positions itself as being on the cutting edge of technology with the use of the slogan 'Vorsprung durch Technik' (Schnetler, 2002:34). It is possible that the German slogan used in all marketing communication is not understood by South Africans as providing a strong basis for producing a reliable, safe and high performance vehicle.

Audi has also been positioned on performance through the use of the Quattro technology which was designed for racing, and their racing heritage such as the LeMans 24hour endurance race which Audi has won on a number of occasions (Audi, 1996:12). However the 'performance' position is 'occupied' by BMW according to this research, and thus Audi will need to decide how best to improve their relative standing in the industry so that they too can occupy a distinctive position. According to Payne (1993:118) a company has 2 options if it is unhappy with the current position. It can either identify an unoccupied market position or reposition the competition. Repositioning BMW may be more difficult than finding an alternative 'space' in the customers' minds. Audi will need to look carefully at its relative advantages and match these to what is important to customers.

This research shows that Lexus does not have a clear position in the minds of these respondents. Many respondents knew very little about Lexus and often associated Lexus with Toyota which is problematic in terms of creating a position as a luxury vehicle. The Lexus scores were generally good with Lexus being seen as second best on Reliability and Comfort and

3rd on Safety. However, this does not give Lexus a unique position and in fact, means that Lexus' closest competitor is the stalwart Mercedes-Benz. Simlarly to Audi, Lexus will need to find some unique position. Further research will be required to focus on the needs of a smaller target market so as to find some way of matching Lexus' relative advantages to target market needs.

It should be noted that this research was exploratory and looked at the general market for luxury vehicles. Further research should focus on the subsegments within this market and whether they have differing needs to the overall market and how this affects the relative positions of the luxury vehicle brands. This research was also limited to the Pietermaritzburg area and as non-probability sampling was used, should not be generalised to the broader South African population without further research.

References

Adcock, D 2000. *Marketing Strategies for Competitive Advantage.* London: John Wiley & Sons, Ltd.

Alford, P 1998. Positioning the destination product—can regional tourist boards learn from private sector practice? *Journal of Travel and Tourism Marketing*, 7, 2: 53-61.

Audi. 1996. *Audi: A History of Progress—Chronicle of Audi*. Last retrieved December 2008 from http://www.bentleypublishers.com/product.htm?code=gahp.

Audi. 2008. *Audi of South Africa*. Last retrieved December, 2008 from http://www.audi.co.za

Berkowitz, E, R Kerin, S Hartley & W Rudelius 1992. *Marketing* 3rd Edition. Boston: Irwin Inc.

Biggs, H 2008. *Top10: greatest-ever Mercedes*. Last retrieved December, 2008 from http://www.cars.uk.msn.com.

BMW. 2008. *BMW* Last retrieved December, 2008 from http://www.bmw.com.

BMW Drives. 2008. *BMW History BMW in the 1910s—the beginning*. Last retrieved December, 2008 from http://www.bmwdrives.com.

BMW World. 2007. *BMWworld BMW History—The Twenties* Last retrieved December, 2008 from https://www.bmwworld.com/bmw/history/20s.htm.

Burger, L 2008. *BMW aims to snatch No 1 position in US luxury-car market from Lexus*. Last retrieved December, 2008 from http://www.forbes.com/afxnewslimited/feeds/afx/2008/01/16/afx4536375.html.

Burke, S 2008 Market Success Requirements, capability requirements and positioning: a tool for Identification and Linking. *The Business Review*, 11, 1: 26-31. Last retrieved November, 2008 from http://proquest.umi.com/pqdweb?index=23&did=1611094961&SrchMode=1&sid=2...

Cassidy, J 2006. *A warning for German makers from the customers*. Last retrieved December, 2008 from http://www.ireland.com/newspaper/motors/2006/0222/4238583390MOT22BILDSURVEY.html.

Danzig, A 2004. *Behind the Brand: BMW changing lanes*. Last retrieved December, 2008 from http://wwwbrandchannel.com.

Garden, L 2000. *An in-depth look at the positioning strategy of the University Of Natal, Pietermaritzburg based on student perceptions.* Unpublished Honours Dissertation, University of Natal.

Hair, J, R Bush & D Ortinau 2003. *Marketing Research*. New York: McGraw-Hill Irwin.

Hair J, R Bush & D Ortinau 2006. *Marketing Research within a changing environment*. 3rd Edition. New York: McGraw-Hill.

Hooley, G, J Saunders & N Piercy 2004. *Marketing Strategy and Competitive Positioning.* 3rd Edition. London: Pearson Education.

Hutt, M & T Speh 2004. *Business Marketing Management.* 8th Edition. Ohio: Thomson South-Western.

Kaul, A & V Rao 2000 Research for Product positioning and design Decisions: An Integrative review. *International Journal of Research in Marketing* 12, 4: 293-320. Last retrieved November 2009 from http://www.sciencedirect.com.

Keegan W 2002. *Global Marketing Management*. 7th Edition. New Jersey: Prentice Hall.

Kotler, P 1997. *Marketing Management: Analysis, Planning, Implementation and Control*. 9th Edition. New Jersey: Prentice-Hall Inc.

Kotler, P 2000. *Marketing Management*. Millennium Edition. New Jersey: Prentice-Hall Inc.

Kotler, P & G Armstrong 2004. *Principles of Marketing.* 10th Edition. New Jersey: Pearson Education.

Lovelock, C 1996. *Services Marketing.* 3rd Ed. New Jersey: Prentice-Hall.

Lovelock, C. & Wirtz, J. 2007 *Services Marketing: People, Technology, Strategy*. USA: Pearson Prentice Hall.

Maringe, F 2006 University and Course Choice: Implications for Positioning, Recruitment and Marketing. *International Journal of Educational Management*, 20, 6:466-479. Last retrieved November 2009 from http://www.emeraldinsight.com/0951-345X.htm.

Mercer, D 1992. *Marketing*. Massachusetts: Blackwell Publishers.

Mercedes-Benz. 2008. *Only Mercedes-Benz*. Last retrieved December, 2008 from http://www.mbusa.com.

Motoring. 2008. *Volvo's 'crystal clear future vision.* Last retrieved December, 2008 from http://www.motoring.co.za.

Ostaseviciute, R & L Silburyte 2008. Theoretical Aspects of Product Positioning in the Market. *Engineering Economics* 1 (56) p.97-101.

Payne, A 1993. *The Essence of Services Marketing*. London: Prentice Hall International (UK) Ltd.

Ries, A & J Trout 1981. *Positioning: The Battle For Your Mind.* New York: McGraw-Hill.

Ries, A & J Trout 2000. *The New Positioning: The Latest on the World's #1 Business Strategy*. Montreal: McGraw-Hill Inc.

Rowley, I 2006. Lexus Sputters at Home. *Business Week*, Feb 16. Last retrieved December, 2008 from http://www.businessweek.com/autos/content/feb2006/bw20060215_597701.htm

Schiffman, L & L Kanuk 2004. *Consumer Behavior*. 8th Edition. New Jersey: Pearson Education.

Schnetler, P 2002. *Mercedes-Benz*. Last retrieved July, 2007 from http://www.mbusa.com/index.do.

Simister, J 2008. *Lexus answer to Merc's AMG*. Retrieved December, 2008 from http://www.motoring.co.za.

Simon, S 2007. *What's a good value for Cronbach's Alpha?* Retrieved September 2007 from http://www.childrens-mercy.org.

Stephenson, L 2008. *Merc goes to war with latest C63 AMG at Phakisa*. Last retrieved December, 2008 from http://www.motoring.co.za.

Tyagi, R 2000 Sequential Product Positioning Under Differential Costs. *Management Science*, 46, 7: 928-940. Retrieved October 2009 from http://www.jstor.org/stable/2661609.

Trout, J & S Rivkin 1996. *The New Positioning—The latest on the world's #*

1 business strategy. United States: McGraw-Hill.

Shostack, G 1987. Service Positioning Through Structural Change. *Journal of Marketing*, 51: 34-43.

Van der Walt, A, J Strydom, S Marx & C Jooste 1996. *Marketing Management*. 3rd Edition. Cape Town: Juta & Co.

Van Zyl, C & J Strydom 2007 The Use of Game Theory to Determine the Optimum Market Position of Selected Arts Festivals in South Africa. *South African Business Review* 11, 3: 121-143.

Volvocars. 2008. *About Volvo Car Corporation*. Last retrieved December, 2008 from http://www.volvocars.com.

Volvo Group. 2008 *Global—Vision, Mission and Values* Last retrieved December, 2008 from http://www.volvo.com/group/global/en-gb.

Waterman, S 2006. *Lexus targets 500000 units for 2007*. Last retrieved December, 2008 from http://www.autoblog.com/2006/09/19/lexus-targets-500-000-units-for-2007/.

Welman, C, F Kruger & B Mitchell 2007. *Research Methodology*. 3rd Edition. Cape Town: Oxford University Press Southern Africa.

Zeithaml, V & M Bitner 2003. *Services Marketing: Integrating Customer Focus Across the Firm*. 3rd Edition. New York: McGraw-Hill.

Debbie Vigar-Ellis
Postgraduate Centre
School of Management
Faculty of Management Studies
University of KwaZulu-Natal
Pietermaritzburg, South Africa
VigarD@ukzn.ac.za

Nicholas Barrett
Postgraduate Centre
School of Management
Faculty of Management Studies
University of KwaZulu-Natal
Pietermaritzburg, South Africa
VigarD@ukzn.ac.za

Nigel T F Chiweshe
Postgraduate Centre
School of Management
Faculty of Management Studies
University of KwaZulu-Natal
Pietermaritzburg, South Africa
chiweshen@ukzn.ac.za