

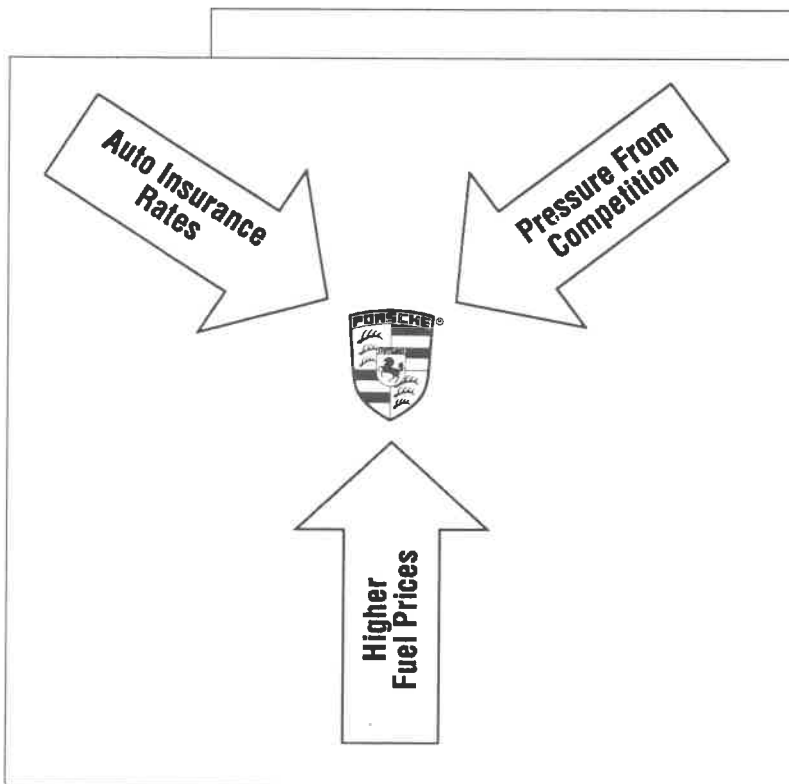
Marketing & Selling Strategy

The purpose of this chapter is to provide a brief discussion of current market conditions, followed by a marketing and selling plan to respond to these conditions. The chapter is organized around the "four P's" of marketing: product, price, positioning and promotion.



The U.S. Porsche sales effort is focusing on a predominantly older, more upscale customer.

- Porsche sales were off again for MY 1989 as PCNA, dealers and sales representatives have gone through a transitional process of **learning how to sell to a much more upscale market segment**
- Through research and experience, a **clearer picture is emerging of the new Porsche customer**; this research is worth careful study
- This and the following chapters contain **many new insights** from this research and experience
- Successful Porsche dealers should be able to **profit from the opportunities available in '89-'90**
- Customer interest is high with **Porsche's many new and advanced products**
- Lower production rates ensure **adequate supply** with the **exclusivity** valued by the new upscale Porsche customer
- Dealers are urged to emphasize **individualized high quality sales techniques** such as direct and targeted marketing, thorough and well-informed vehicle presentations, and convenient demonstrations and test drives—all presented in detailed narratives in this PMRG.



Current Market Conditions

During model year 1990 the U.S. upscale consumer will be confronted with a growing array of choices for their "luxury dollar." Affluent potential Porsche customers are attracted by other high ticket items—boats, second homes and airplanes. High performance sedans and sport coupes are also competing for Porsche purchases. There are signs of a trend away from expensive cars, toward "good value for the money." Other current market conditions include:

Factors affecting U.S. passenger car sales in general

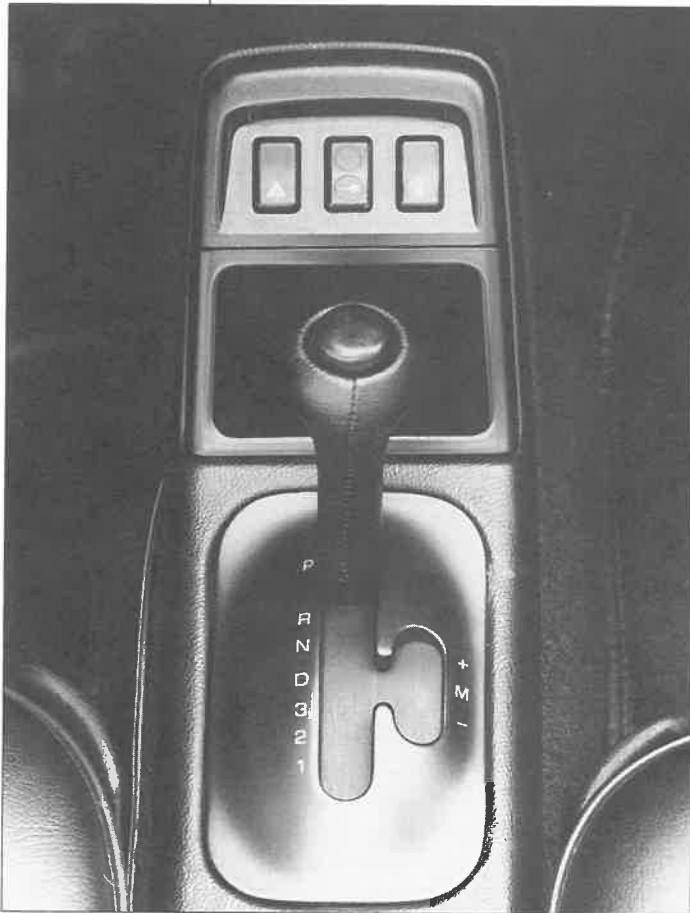
- Auto insurance rates continue to climb, particularly for sports cars
- New fuel taxes, price increases following the Valdez incident.

Factors affecting European High Group sales

- Increasing competition from Import High Group (Acura, Infiniti, Lexus).

Porsche "micro" market conditions

- 944 Series price reductions were generally effective
- Dealer inventories generally reduced through 944 Series production cuts and cash incentives
- Porsche regional/district managers are continuing to review sales, stock and availability to assure fair distribution by the allocation system
- 911 sales very strong with last of Carrera, 911 Turbo and new 911 Carrera 4; interest high in new 911 Carrera 2
- 928 S4 sales off somewhat as 1989 price higher to reflect new std. equipment
- 911 Carrera 4, 944 S2 and 944 S2 Cabriolet well received by press
- New competition includes Corvette ZR1, all new Nissan 300 ZX, Acura sports car and Mercedes-Benz SL.



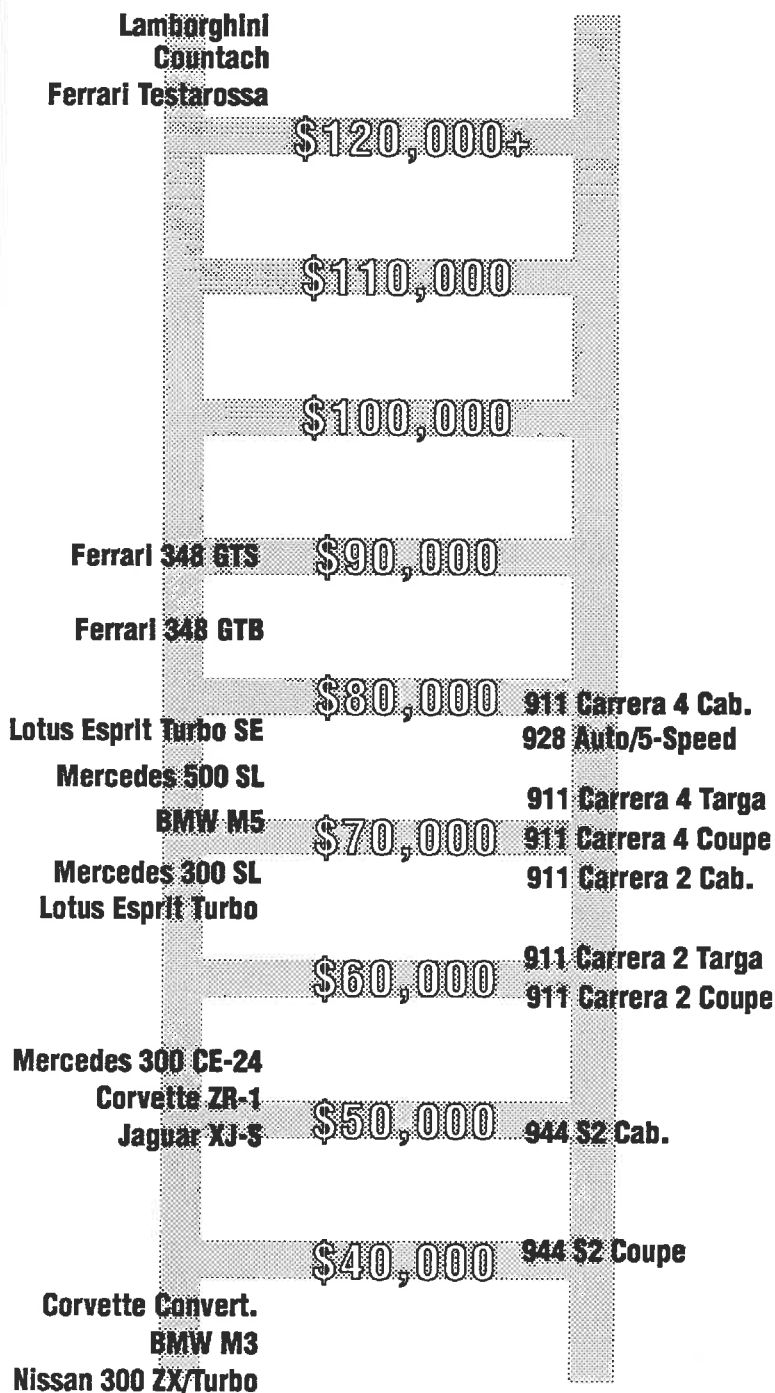
The best of manual and automatic transmissions—the Porsche “Tiptronic”—to be introduced later in the model year.

Product

Overall product view: For 1990, Porsche continues the “full equipment standard” of 1989 and new offerings such as the 911 Carrera 2. Porsche’s desirable uniqueness continues to grow:

- Porsche is the **first manufacturer to equip its full line with a dual airbag system.** Already proven in the 944 Series over the past two years, dual airbags are an important safety feature to our upscale customers who value comfort and safety more highly than any single quality (see The Porsche Customer)
- Since the **944 S2** provides the best of both worlds, the 944 is dropped from line. The S2’s high-torque 3.0-liter engine (new in ’89) is available with both Coupe and exciting new Cabrio body styles destined to become contemporary classics
- **944 Turbo** available while supply lasts
- **911 Carrera 2 is a new model** featuring the same 3.6-liter engine as the exciting “85% new” all wheel drive 911 Carrera 4, with ABS brake system, power steering, new alloy suspension, new design cast alloy wheels, refined aerodynamics, new heating/ventilation/air conditioning system, interior console, backlit instruments and more
- Both 911 Carrera 2 and 4 are available for 1990 in **Coupe, Targa and Cabriolet body styles**
- **The original 911 Turbo fades into history;** the 911 Carrera 2 and 4 offer comparable performance
- **928 is offered in automatic and 5-speed manual transmission models; the latter has additional performance features in the “928 GT” spirit.** Tire pressure monitoring system, variable limited slip differential and dual airbags are standard on both. The 928 has new luxury features such as leather trimmed instruments and detailing.

PORSCHE PRICE LADDER



The "price ladder" upon which Porsche competes in 1990.

Price

While Porsche sales have been hit hard through price increases forced through the U.S. dollar falling against the DM, Porsche has responded by reducing the prices on some models—made possible by increased efficiencies in Germany—and by building a strong "value/worth having" presentation (included in the "24-Key Points Walkaround" chapter). Many Porsche sales managers believe it is time to meet the price issue head on: these are no-compromise sports cars built using costly technology for the finest quality throughout. They invite comparison with their competition because such comparisons support their pricing if the prospect is told the "Porsche is worth it" story.

- Status has always been a Porsche buying factor; more so for the 1990s
- "Worth having" and "value" are other strong marketing & selling themes (see The Porsche Customer for a detailed discussion of "status," "worth having" and other descriptors from Porsche's recent image research)
- For 1989 Porsche began a new "fully equipped for better value" pricing policy that continues with the 1990 offerings
- PCNA held the line on further price increases during '89
- Porsche pricing for 1990 is characterized by PAG's determination to try to hold prices in 1990, giving the Porsche customer excellent value considering the substantial new equipment on models such as the 911 Carrera 2
- Close comparison with Porsche's competition (see The Competition) reveals a pure sports car offering many qualities desirable to Porsche's new upscale customer segment



New competition, particularly among the 928 "shoppers"—the Mercedes-Benz 300/500 SL.

Positioning

Positioning: how does each Porsche compare vs. its competitors—and with other Porsches?

In our marketing-oriented society, "positioning" has become a necessary part of our language. Its purpose is to emphasize a product's uniqueness, to imply there is **no substitute anywhere at any price**. Ideally, that product is so unique that it has no competition, given its specific features and customer benefits. **Porsche believes that as prospects for their cars become aware of Porsche's superior qualities, they will begin to perceive the Porsche product as unique.**

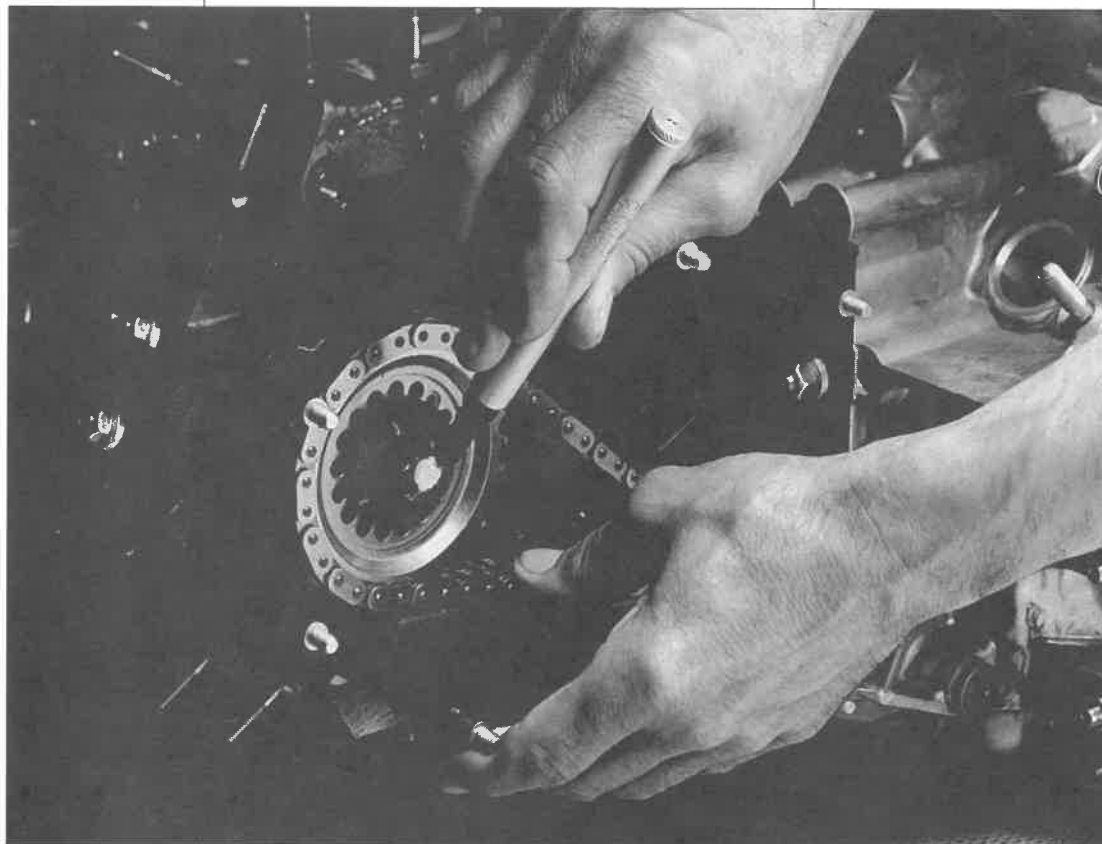
As a Porsche sales representative, positioning is useful to you because it helps you characterize for your prospects how each Porsche model relates to other models in the Porsche line—and to their competition.

Our goal is to help each Porsche prospect to perceive that the Porsche product is **unique** in many dimensions...

- The name "**Porsche**" is more emotionally charged and enjoys a clear product profile—Porsche builds only sports cars

- Porsche is the **fourth "best known and most highly regarded" brand name in the world**, surpassed only by Coca-Cola, IBM and Sony!
- The **Porsche mystique** is derived almost entirely from three properties of the remarkable product itself...
 - Performance
 - Exclusivity
 - Visual appeal, design, uniqueness
- Porsche is "**philosophically pure**"
 - Pure in their ideals
 - Exemplify the German penchant for perfection and functionality
 - Form must follow function
 - Never "change for the sake of change"
 - Racing is the ultimate test of engineering
 - Uncompromising disciplines, quality, engineering, performance and safety.

(Porsche's advertising will reinforce the company's philosophical purity in hard-working ads designed to underscore Porsche's independence, timeless design and racing heritage.)



For 1990, Porsche continues to practice "handcrafting" like few other manufacturers.

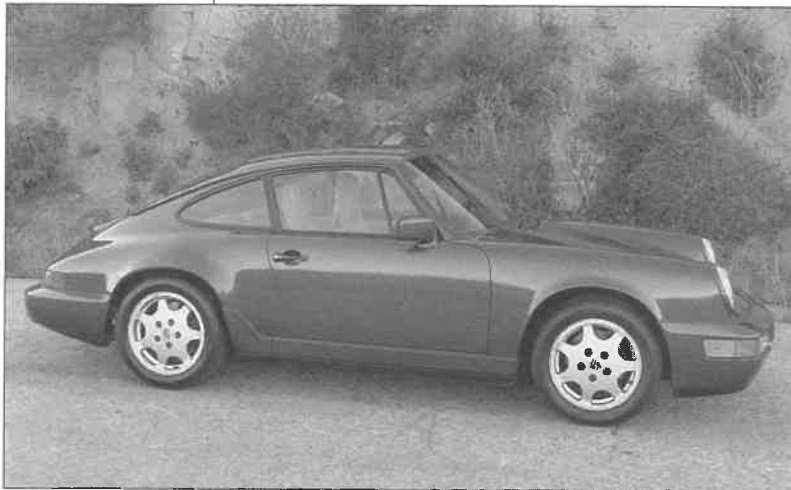
Overall company positioning: "Porsche is an independent company with a living heritage of hand crafting timeless race-bred German sports cars for a limited number of drivers who demand the best." The key words here are "independent," "timeless" and "race bred." Expanding these three descriptors, **in which Porsche is unique among today's automakers**, carries key importance in Porsche's marketing strategy for 1990. Again, the new, "hard working" Porsche advertising campaign is employing these themes to communicate with our new upscale market in terms with which they will identify:

Independent—Allows one freedom to pursue uncompromised ideals.

Timeless—Creating something timeless is a way to create value.

Racing—A metaphor for achievement and competitive nature; "getting there first" and breaking new ground against any and all odds.

Positioning the 944 S2. This car, with its recently refined, 3.0-liter 208 bhp engine, provides a new dimension in personal car responsiveness: at low rpm, the "S2" engine provides dramatically stronger torque as a prelude to its responsive, free-revving power. To match the new power, the S2 for 1990 again inherits the 944 Turbo body, chassis and ABS brake system.



Positioning the 911 Carrera 2: "The classic German race-bred sports car." A whole new evolution of the Porsche experience... providing the pure 911 fan with a contemporary 911 in the most refined form ever offered, with ABS, power steering, the most powerful normally aspirated boxer six engine in 911 history and many other refinements.

Positioning the 911 Carrera 4: "The shape and thrill of the 911 taken to a new level of usable power and roadholding." Uniformly applauded by the world's press, the Carrera 4 eloquently and implicitly conveys an important message to our market segment. That message is, "Porsche continues to break new ground as the world's technology leader in sports cars."

Positioning the 928: "The Porsche for the uncompromising luxury car driver who longs for true sports car performance and style." Today's uncompromising luxury car owner who has yet to discover the 928 typically drives a Mercedes-Benz, BMW or Jaguar. The 928's ability to effortlessly reach performance levels once reserved for true exotic sports cars has inspired more than one enthusiast magazine to call it "the finest automobile in the world." To expand the 928's market, it is being positioned as and will be demonstrated to be a viable alternative for the upscale Mercedes-Benz, BMW and Jaguar buyer, with comfort, luxury and quality never before offered with the 928's electrifying performance. The 928 is further refined for 1990 with even higher performance, and even more standard equipment.

Positioning the Porsche "mystique."

The real difference between owning a Porsche and a competing marque is not merely one of the differences we've discussed. Rather, it is all of them combined—plus, an elusive quality, not easy to describe, but exciting to experience... the joy, the unparalleled pride of ownership and prestige, the enrichment to one's life that accompanies owning a specially conceived, engineered and produced high tech "tool" for those who love to drive. **No one does this better than Porsche; this famed "mystique" is another positioning strength.**

And especially positioning relative to value. It may seem unfathomable to some among the uninitiated to use the word "value" in describing a sports car costing

from \$40,000 to more than \$100,000! But the value that has always sold Porsches has many shades of meaning to Porsche owners: fun, quality, dependability, durability, safety, prestige/status, heritage, resale.

Each Porsche continues to compare favorably with its competition when silhouetted against its unique Porsche heritage. Not all of Porsche's new higher upscale market is aware of this; they need the educational process implicit in your sales presentations to interpret for them the full meaning of this difference in driving fun, pride of ownership, longevity, good resale value and low maintenance cost.

Positioning becomes a powerful marketing and selling tool only when the product is demonstrated as being unique. Porsche is in an enviably superior "position" in this regard. Consider: each Porsche offers...

A unique driving experience, with the responsive acceleration, sensuous engine sounds, agile handling, overdesigned brakes and "bank vault" solidity.

A unique ownership experience, from an unparalleled combination of performance, design and assembly quality, prestige, practicality, traditions, coupled with low owner-

ship costs (excellent fuel economy, long service intervals and low depreciation).

A unique racing heritage, from the most successful competition record in the history of the automobile. Moreover, Porsche is unique in that production and race models share technology developed and proven on the race track.

Porsche's 1990 national advertising supports this racing heritage memorably. In one ad, Prof. Ferry Porsche states,

"Life itself is a race... marked by a start and finish.

It is what we learn during the race and how we apply it that determines whether our participation has had particular value. If we learn from each success and each failing and improve ourselves through this process, then, at the finish, we will have fulfilled our potential and performed well."

A unique engineering heritage; Porsche continues to win worldwide respect and clients as a leading-edge R & D automotive engineering force. Every Porsche is the first and consistent benefactor of the Weissach Development Center's best and brightest ideas.



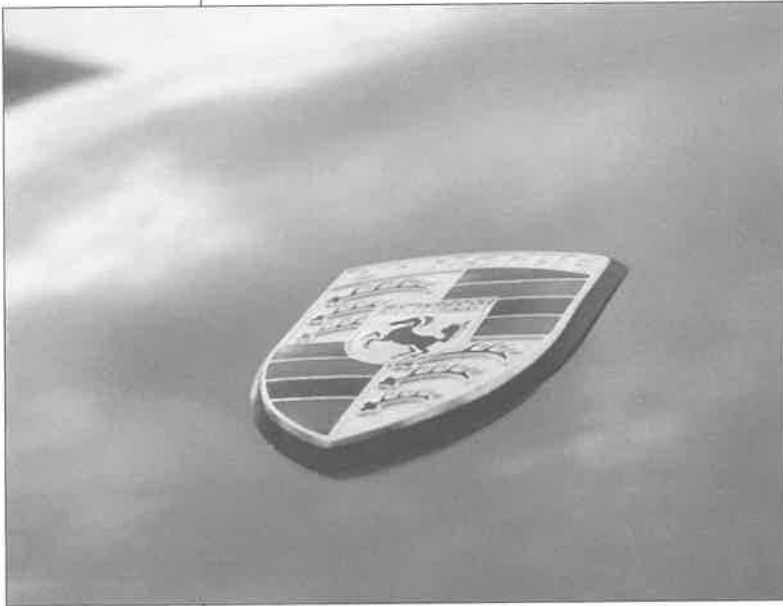
Promotion, Advertising and Public Relations

PCNA's promotion, advertising and public relations activities all begin with the audience and how they perceive the Porsche sports car model lineup.

- **Perceptions about Porsche:** buyers have traditionally held certain perceptions about this exclusive sports car. These include the following:

- Porsche is one of the **best known and most highly respected brands** in the U.S. automotive industry
- Porsche is identified with **high performance and racing heritage** (but not necessarily with "racing to prove technology")
- Porsche is **not identified with comfort and safety** (this implies substantial opportunities to tell our new upscale prospects about the car's many implicit safety features and its form-follows-function comfort; see The Porsche Customer)
- If you like cars, **a Porsche has been part of your driving aspirations for a quarter of a century.** Forty-year-olds learned to drive and purchased their first car in the golden era of sports cars like the Healy, the Jag, MG and the Porsche 356 and 911.

- The 911 Carrera—a true "cult car"—is the essence of Porsche
 - Market research reveals that perceptions of the 944 and 928 Series are skewed by the 911's dominance
 - Since the 911 image predominates, **all Porsches are perceived to have a spartan ride and be hard to drive**
 - Hence, **luxury, comfort and safety are not ("yet") seen as Porsche attributes.**
- Porsche is seen as **unique, without a clear competitor** (BMW/Mercedes, Volvo/Saab are paired off against each other.)
- Porsche is **perceived to be a man's car**, with two dark sides to this perception: one is the image of Porsche as the car of a playboy, or man in the throes of a life change. The other is the fact that women are less likely to influence in the decision to buy a Porsche than a Porsche competitor (The ease of driving a Porsche may help alter this.)



Paramount in our 1990 strategy is identifying every Porsche as a status symbol.

- Porsche is perceived as **more of an indulgence** than a Mercedes, BMW or Jaguar (in spite of the Porsche's good taste and practicality)
- Rapid and dramatic price increases have perhaps **eroded consumers' perceptions of a Porsche as a financially sound investment.** (Reminding the prospect that the falling dollar accounts for most of the price increases should help offset this negative.)
- **Strategy:** To be successful, our goal is to:
 - **Widen the circle of Porsche enthusiasts**, expanding the power of the mystique to more affluent and status conscious buyers. We want the new enthusiasts to see the Porsche mystique and heritage as **reflecting their own standards**

- Move "fringe" prospects from regarding a Porsche "as a sports car I know and respect" to considering it "a sports car I can identify with and must own"
- Make every Porsche a **status symbol**
- Move **slightly closer** to Mercedes-Benz, BMW and Jaguar on the comfort scale, and a lot closer to them on the status scale. But not at the expense of our established perception of performance
- Make Porsche's image **consistent across models**
- Have Porsche perceived as a leader in innovative, useful and dynamic technology.
- **PCNA's national advertising will be "hard working" to help meet the above perception goals.** It will also support Porsche value through communicating the Porsche mystique and heritage while building on the theme "a Porsche is worth having." Model by model Porsche advertising and public relations goals include the following:
 - 944 Series: Increase the familiarity and perceived value/status among those who spend \$40,000 or more on a car
 - 911 Series: Make the 911 Carrera 2 and 4 big news to update the Porsche image and get people into the showroom
 - 928 Series: Increase the awareness of and familiarity with the 928 among the affluent, and get it on the shopping list of those who would consider buying the Mercedes SL/SEC, Jaguar XJS and BMW 7 and 8 Series.

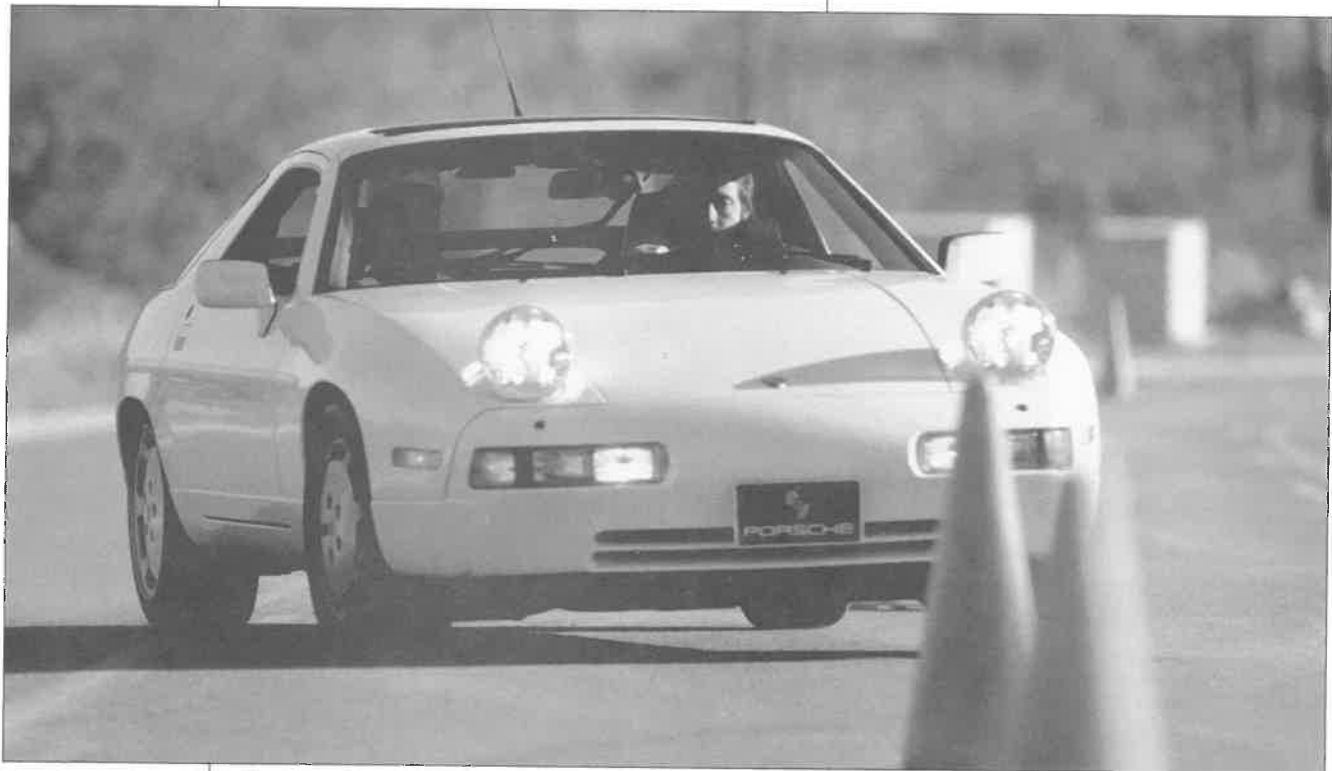
PCNA is taking active measures to (1) identify the most effective Porsche selling messages, and (2) make all Porsche messages as consistent as possible.

- Every communication about Porsche, including both classified and display advertising—should project the desired image of the company and its cars, to meet several important objectives:
 - Extend knowledge, respect and appeal for both the cars and the dealership
 - Emphasize the strength, soundness and social correctness of the decision to own and drive a Porsche
 - Communicate a consistent and well-defined message.
- PCNA will continue to provide advertising kits to dealers so they will have a selection of ad materials to use at their discretion.

Sales Support

PCNA is actively supporting the dealer network through greater involvement in special sales support activities than at any time since PCNA's formation in 1985.

- The Porsche Driving Experience (formerly the Ride and Drive program) has been carefully developed during its 1989 pilot program and will debut in an aggressive, upbeat, exciting format during the 1990 model year. Porsche sales support will include...
 - Special displays at offsite locations such as country clubs and local racing events
 - Sponsorship of special events such as tennis tournaments and golf tournaments



Through the Porsche Driving Experience, qualified prospects get a chance to experience firsthand the exhilaration of driving a Porsche!

TEN POWERFUL 1990 PORSCHE MARKETING AND SELLING THEMES

- **Price:** *We will accept Porsche's high prices as necessary and inevitable given the complex international monetary situation, and will present them in the most positive light possible—these are a new generation of newly refined, costly classic sports cars of unrivaled quality.*

- **Handcrafted sports cars worth having:** *These are the best Porsches ever, from newly upgraded production facilities, sports cars offering higher performance and more standard equipment.*

- **Exclusive, high status sports cars:** *Porsches are more exclusive than ever, offering each owner the prestige and status of driving the finest.*

- **The uncompromising product of perhaps the world's foremost automotive engineering dynasty.**

- **Form follows function,** *true to Porsche's 40-year heritage.*

- **Standard-setting safety:** *Dual airbags standard on every model, superb accident avoidance/survivability capabilities.*

- **Sophisticated "comfort engineering"** *through exceptional ergonomics, ride quality and "climate control."*

- **Technology proven in punishing real world testing and on the world's race tracks for a reliable, durable personal car.**

- **Practical, reliable high performance with low maintenance requirements.**

- **Others may offer some desirable attributes, but *no one else brings it all together like Porsche.***

Summary

- Porsche sales have continued to decline during 1989 in spite of holding the line on price increases as the Porsche U.S. presence has gone through a learning period of selling to a new, upscale customer.
- The new Porsche customer is accustomed to paying a fair price for exceptional quality; our mission is to help them identify the Porsche product with this quality.

- We understand this customer better today and have a plan to meet their desires for a sports car that has high status, is comfortable and safe—and is eminently worth having.
- PCNA has put together a cohesive marketing and sales strategy that encompasses each element of the selling dynamic; that strategy will unfold with each successive chapter of this PMRG.