

## **Infiniti G20 – Case Write-Up**

### **Overview**

After unsuccessful advertisement and interference from Toyota's Lexus caused Q45 and M30 to perform poorly in the US luxury car market, Infiniti launched G20 as an entry-level luxury car. Unfortunately, G20's reception was equally lukewarm, so Infiniti wants to reposition the brand and ultimately improve its market performance.

We surveyed 75 subjects randomly and segmented the market into three main groups, Western Yuppies, Upwardly Mobile, and American Dreamers. After looking at perceptual and preferential data maps, we chose segment three or American Dreamers for three important reasons.

First, they gave Infiniti the highest perceptual rating of any of the segments, 8.6. This rating was as high as or higher than their perceptions of Toyota, Honda, and Saab (See **Exhibit 1**). Second, they preferred qualities that correlated with optimal market share (See **Exhibit 2**), making them more profitable than any other segment. Third, a majority possessed high-risk investment portfolios and American Express cards. The willingness to make long-term financial investments means they are likely to purchase a G20 if their preference is high enough, even if they do not have the money to pay in full, while good credit means they are likely to make payments on time.

### **Segment Analysis**

The market for Infiniti G20 can be divided into three segments: Western Yuppies, Upwardly Mobile, and American Dreamers. Software analysis of data from the survey showed that American Dreamers gave G20 a perceptual rating of 8.6. This was their highest rating of any vehicle, the second being Saab 900 at 8.4 and third being Honda Prelude at 8.3. Already the data indicate that American Dreamers are most likely to purchase a G20.

American Dreamers are hedonists and exhibitionists. They pursue risks and value outward appearance. The fact that they possess high-risk investment portfolios means that they are not averse to financial risk and will likely to invest in a car they would enjoy driving even if they do not have the ability to pay in full. It means that they are willing to buy out of their price range.

American Dreamers are more likely to read entertainment magazines than computer or business magazines, which means that they are aware of appearances and their role in popular culture. They are attracted to products that look good. In their pursuit of happiness—the “American Dream,” they engage in activities for the pleasure factor. For them, a car is a “ride,” both physically and metaphorically. An attractive car both appeals to their senses and reinforces their hedonism and exhibitionism.

Because the demographic breakdown of American Dreamers includes more Asians than the other segments, one can also consider the concept of “face.” This relates to the American Dream in that many Asians are concerned with outward appearances and often purchase big brands for show. Attractiveness is a very important criterion in their decision-making process.

Most American Dreamers don’t have children, which means that speed and improved mileage are more attractive to them than roominess, which might be necessary for multiple children. The opposite is the case for segment two, the Upwardly Mobile.

Lastly, because both Western Yuppies and the Upwardly Mobile prefer qualities in the same quadrant as European luxury brands, and American Dreamers have traditionally been focused on economic cars like Toyota and Honda (See **Exhibit 3**), there is less direct competition in G20’s new position.

## **Recommendation**

We suggest positioning Infiniti G20 as an attractive vehicle with the secondary characteristic of success. This is congruent with segment three or American Dreamers’ preferences while also optimizing market share, since the variance explained by the vertical dimension in the first two maps is three times as important in explaining customer perceptions (See **Exhibit 2**).

Although American Dreamers give the same attractiveness rating to G20 and BMW, the latter’s other characteristics make it more attractive for segment one or Western Yuppies with higher income. G20’s biggest competitors are Honda and Saab. Because Honda is a more economical brand, and Saab is roomier (and less gas-efficient), they are better suited for the Upwardly Mobile with bigger families, and Infiniti is able to differentiate based on superior attractiveness and appeal to American Dreamers.

If Infiniti attempts to position G20 closer to BMW, the model shows market share will increase to 11.93 percent (See **Exhibit 4**). By increasing perception of attractiveness to the

current highest consumer perception, market share will increase to 17.29 percent (See **Exhibit 5**), and, with maximal perception of attractiveness, market share will increase to 23.54 percent (See **Exhibit 6**).

### **Alternate Option**

American Dreamers are also interested in material gain and need products that show they are successful. They dream of a better, richer, and happier life and prefer a car that symbolizes that success. The model also shows that they value success (See **Exhibit 3**). By positioning G20 as a successful car, Infiniti offers an affordable luxury car that fits American Dreamers' need for success.

G20's biggest competitor in this position is BMW, but BMW predominantly targets those that are already successful, such as Western Yuppies or segment one. Other competitors are Honda, Toyota, and Saab, none of which predominantly project an image of success. Honda is already seen as economical, Toyota is seen as sporty, and Saab is seen as roomy. G20 would be able to easily differentiate as a successful vehicle.

By positioning G20 closer to BMW, Infiniti can increase market share to 12.07 percent (See **Exhibit 7**). If Infiniti increases perception of success to the current highest consumer's perception, market share will increase to 16.38 percent (See **Exhibit 8**), and, with maximal perception of success, market share will increase to 23.51 percent (See **Exhibit 9**).

### **Current Limitations**

Our recommendations are not flawless. First, Lexus may be Infiniti's biggest competitor, but the survey does not include consumer perceptions of Lexus LS400. If Lexus positions LS400 with the same attributes as Infiniti plans to do in the future, this would make it much harder to capture market share.

Second, the expected market share indicated by the model assumes that competitors do not improve their products or influence market perception, and it only shows market share relative to the original position. Accuracy of market share projections is based on the accuracy of the original market share, which is also a projection.

Third, brand share of preference does not consider differences in decision-making. If consumers cannot purchase their first choice car, they may not move on to the second choice

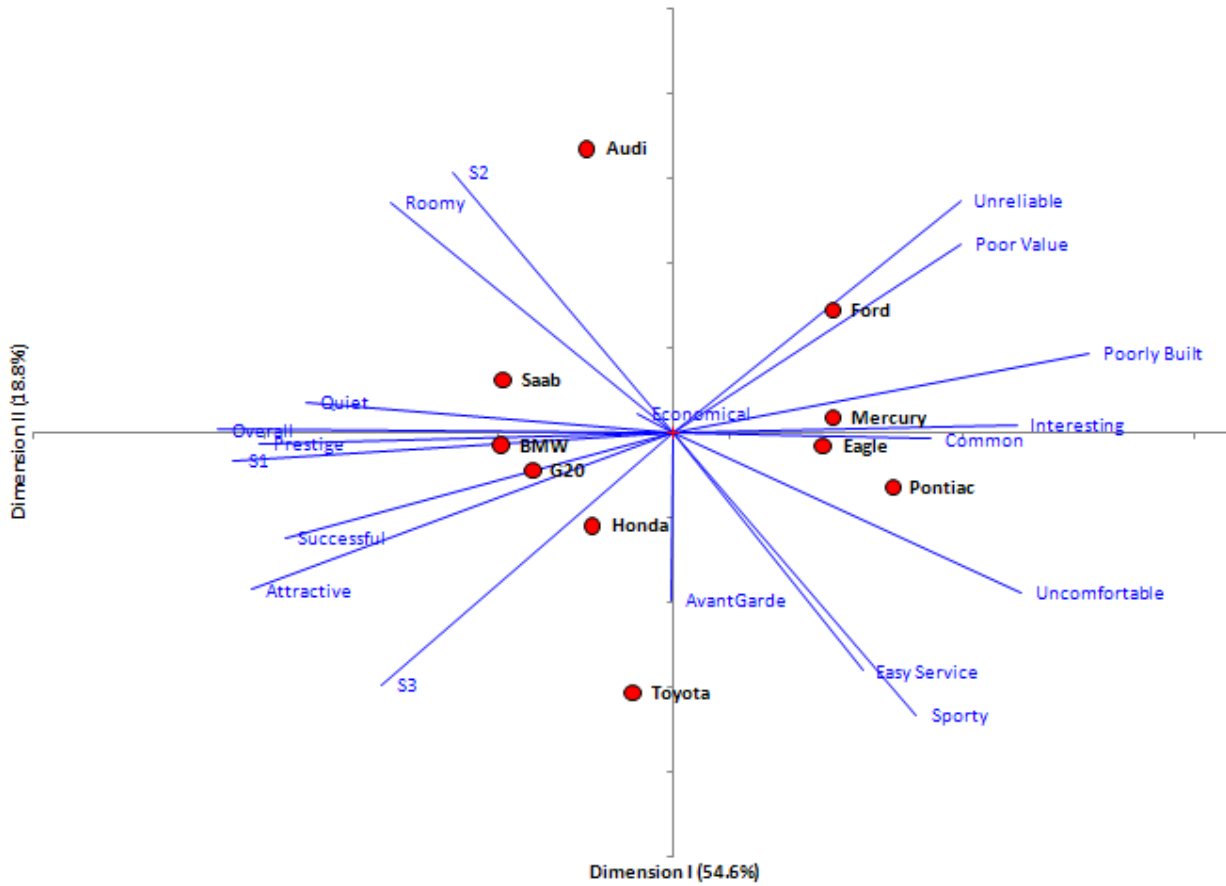
based on the preferences in the survey. Preferences change over time, and they may ultimately choose the car that is most convenient to purchase.

**Exhibit 1** Car Perceptions

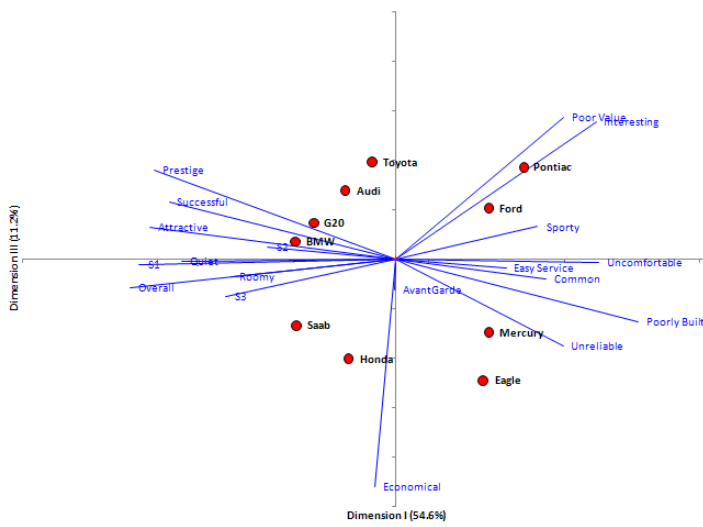
	<b>G20</b>	<b>Ford Tbird</b>	<b>Audi 90</b>	<b>Toyota Supra</b>	<b>Eagle Talon</b>	<b>Honda Prelude</b>	<b>Saab 900</b>	<b>Pontiac Firebird</b>	<b>BMW 318i</b>	<b>Capri</b>
<b>Overall</b>	6.3	3.9	6.0	5.5	4.0	6.5	6.8	3.0	6.7	4.0
<b>Segment I (S1)</b>	4.3	2.1	6.0	6.1	3.3	6.0	7.5	1.2	8.3	1.7
<b>Segment II (S2)</b>	5.9	6.0	7.7	3.5	3.1	5.5	5.4	2.5	5.4	5.8
<b>Segment III (S3)</b>	8.4	2.1	3.4	8.1	5.8	8.3	8.4	5.3	7.3	3.4

**Exhibit 2** Three-Dimensional Positioning Map (Perceptual)

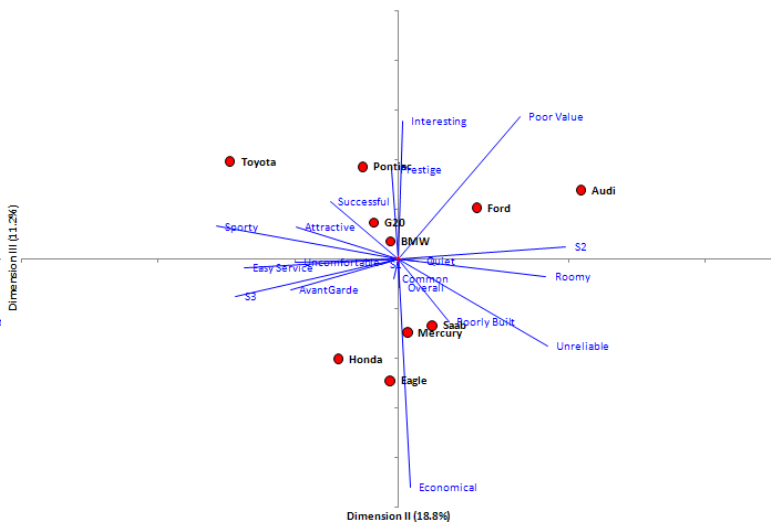
**Positioning Map (Dim I-II)**



**Positioning Map (Dim I-III)**

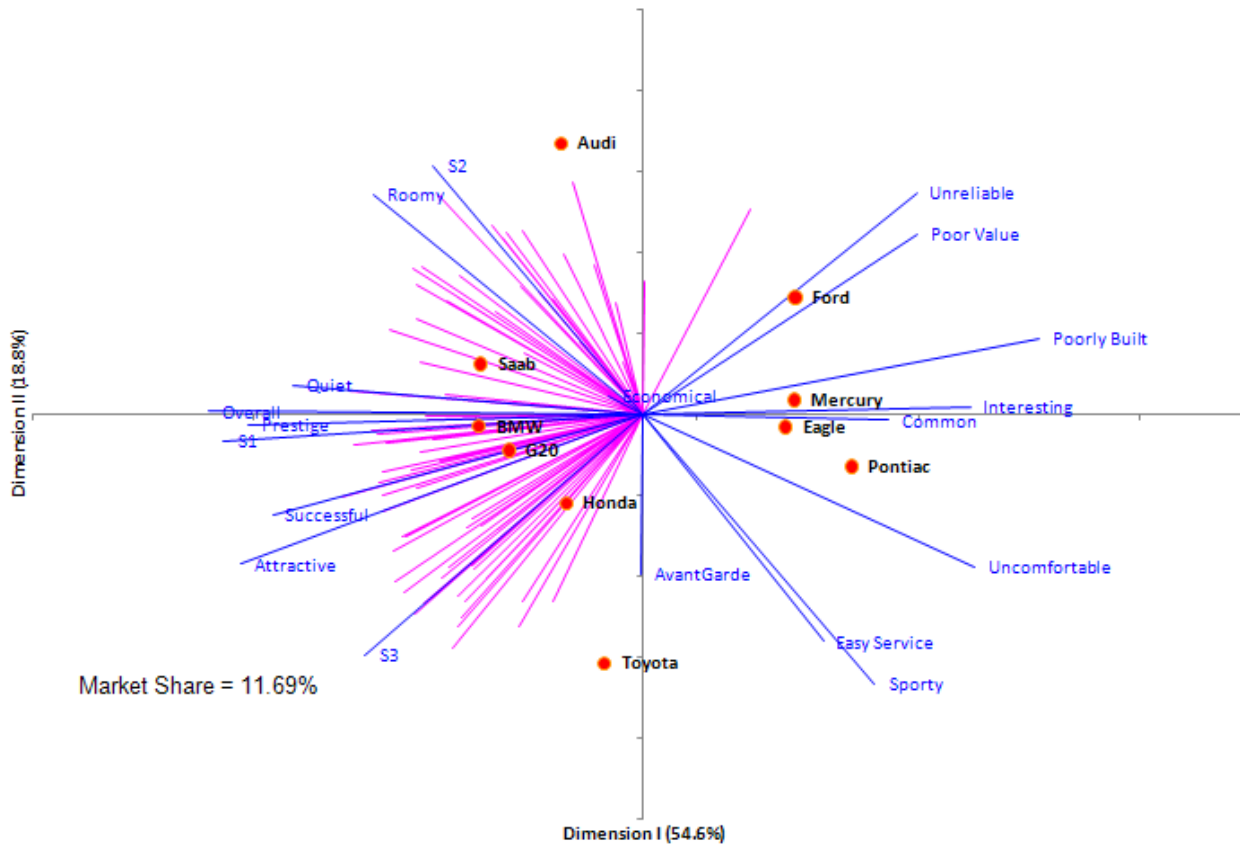


**Positioning Map (Dim II-III)**

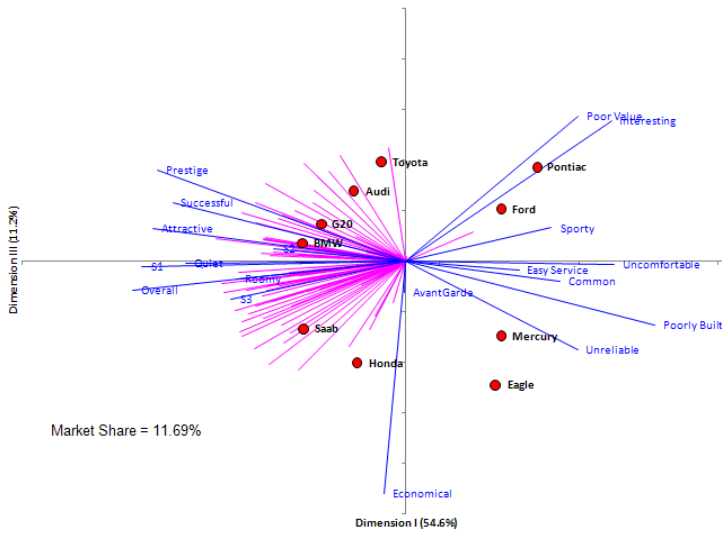


**Exhibit 3** Three-Dimensional Positioning Map (Preference)

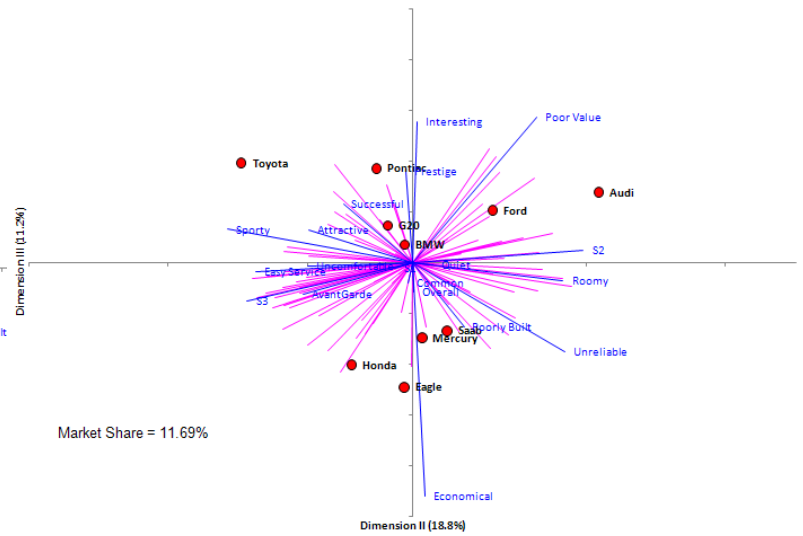
**Positioning Map (Dim I-II)**



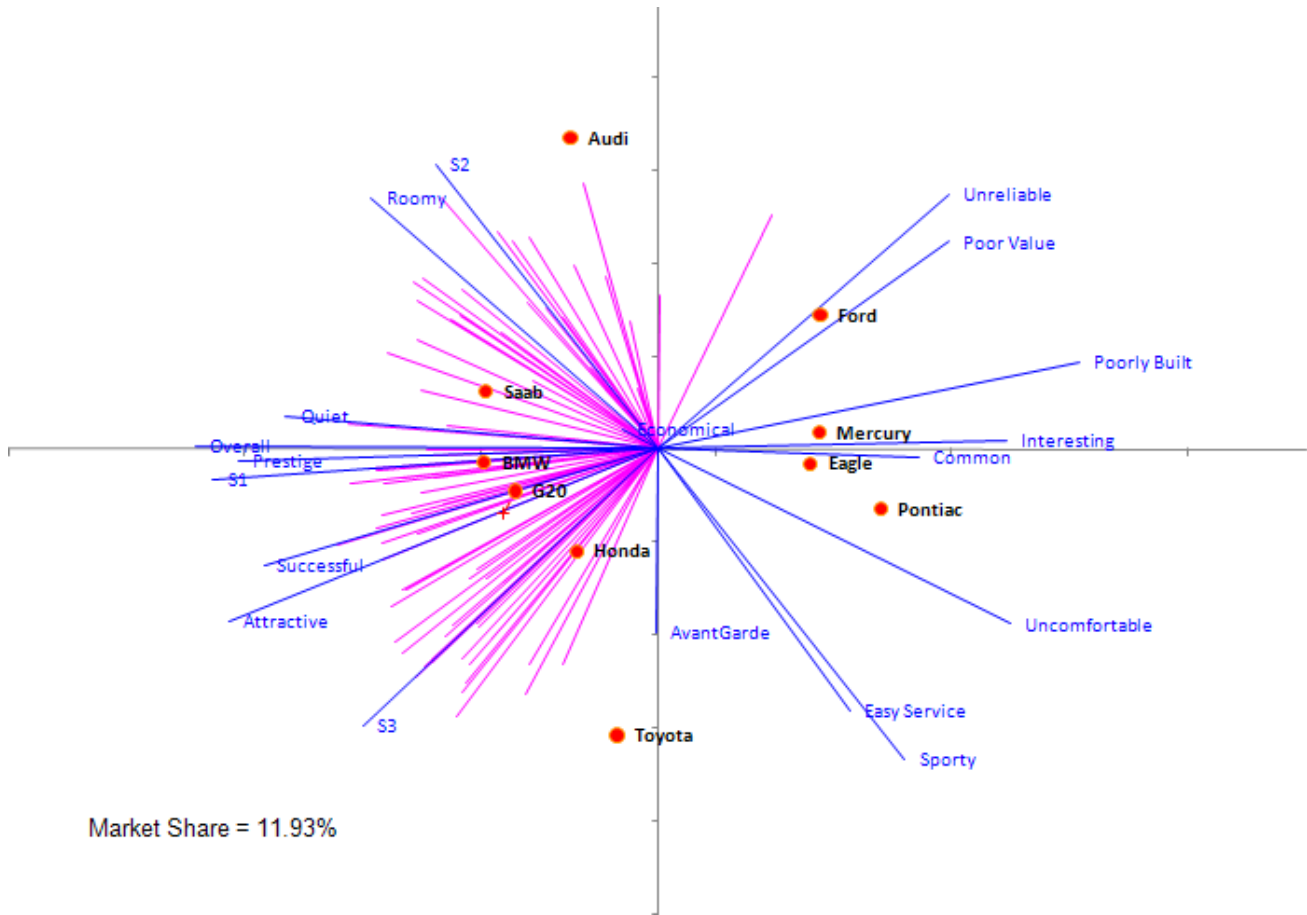
**Positioning Map (Dim I-III)**



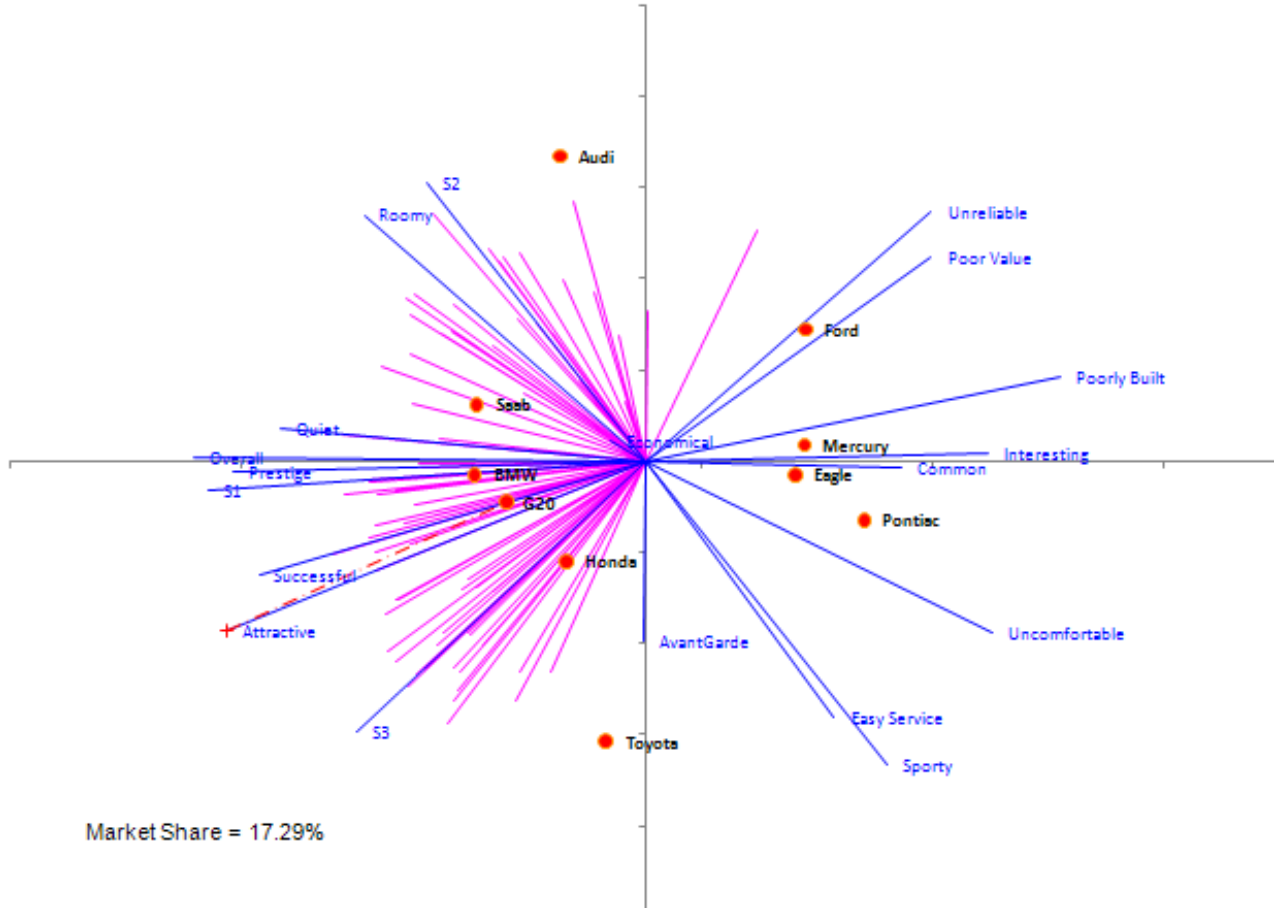
**Positioning Map (Dim II-III)**



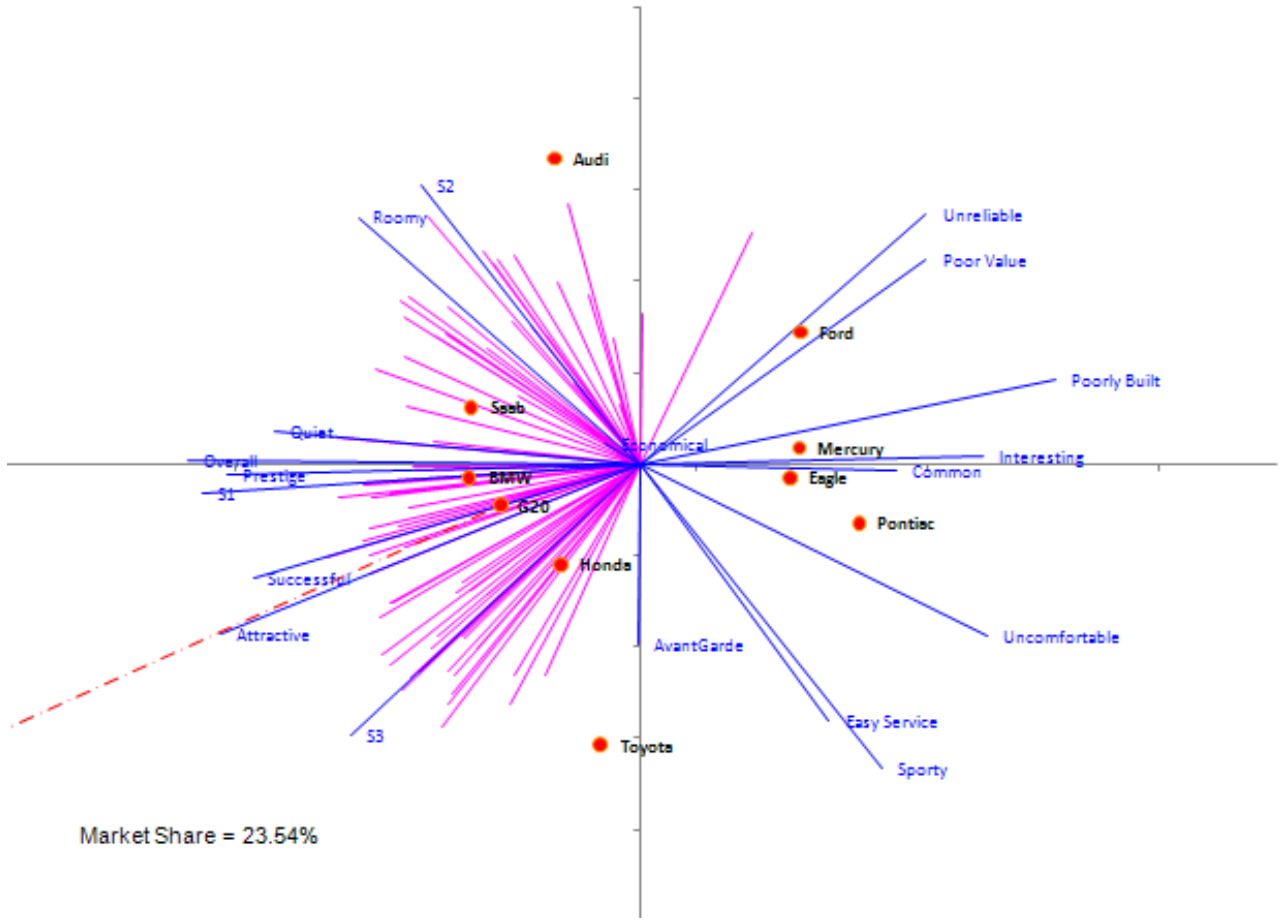
**Exhibit 4** BMW Consumer Perception (Attractive)



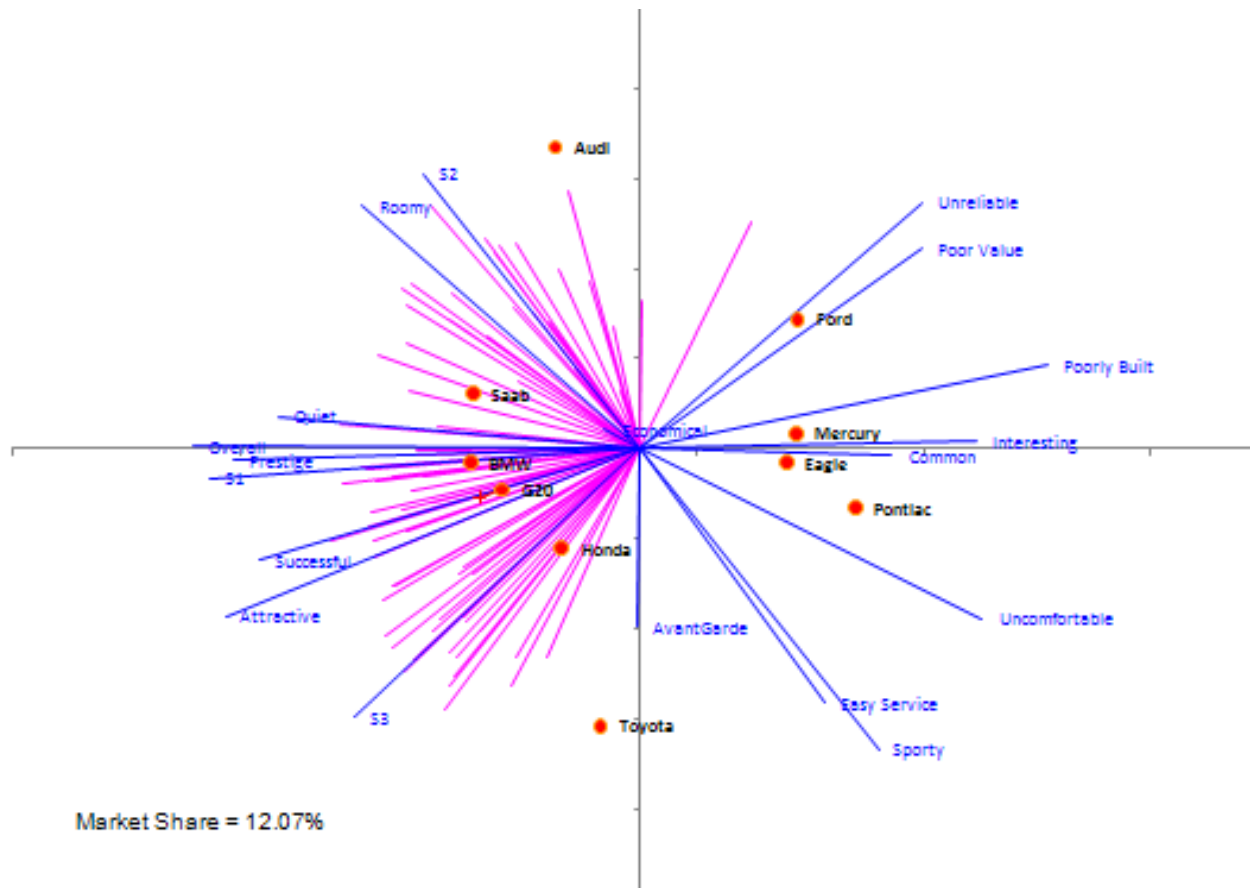
**Exhibit 5** Current Highest Consumer Perception (Attractive)



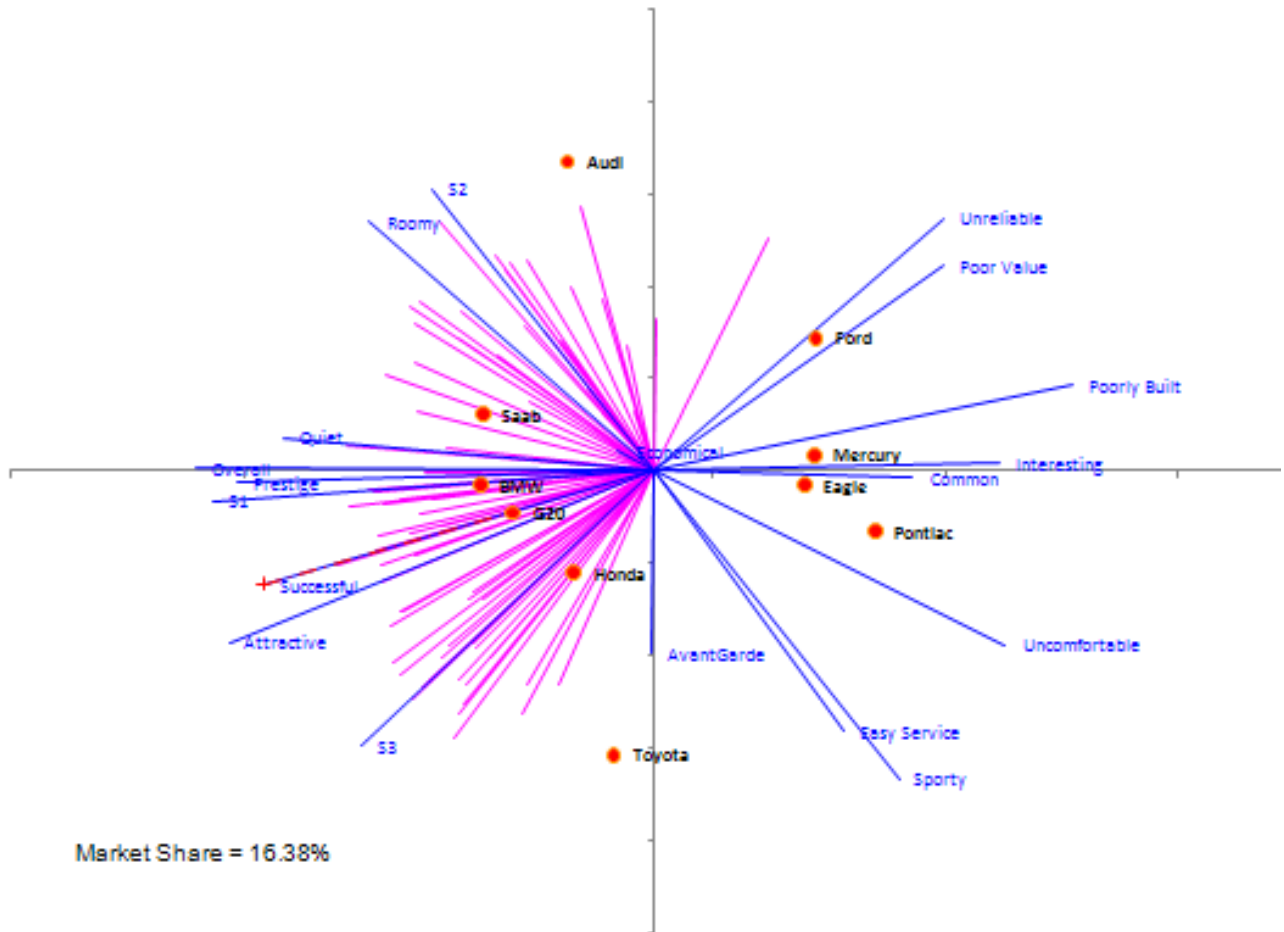
**Exhibit 6** Maximal Consumer Perception (Attractive)



**Exhibit 7** BMW Consumer Perception (Successful)



**Exhibit 8** Current Highest Consumer Perception (Successful)



**Exhibit 9** Maximal Consumer Perception (Successful)

