

Car Brand Positioning in a New Era of Mobility

By Wolfgang Philipp

In this article, we'll be discussing how car brands can position and differentiate themselves in the new era of mobility – and a new era of marketing.

AUTOMOTIVE BRANDS FACE THE GREATEST CHALLENGE SINCE THEIR FOUNDING

The transition to electric mobility has disrupted the automobile industry.

How can today's established car brands, who have carefully crafted their heritage over the years, stand their ground in the future?

How can they fend off disruptive newcomers that are driving the industry with their radical vision, and their software-based products?

At the same time, how can newcomers find their distinctive niche in this highly competitive environment?

THE PROBLEM: AUTOMOTIVE TECHNOLOGY HAS BECOME INCREASINGLY STANDARDIZED

Ferrari's V12 engines, Porsche's flat-six boxers, and BMW's inline 6 driving machines, as well as Volvo's safety innovations, Audi's quattro drive, and Mercedes-Benz's superior engineering were once unrivaled proprietary technology that, over the years, shaped the brands' identities.

Brands like Ford and Volkswagen, on the other hand, approached the market from a cost perspective, making the automobile affordable for the masses and creating the volume segment.

For decades, brands were clearly differentiated. Their products were either affordable or premium, safe or fast, emotional or reliable.

A century of progress and development perfected the automobile and commoditized power, safety, comfort, and reliability.

The power of scale and digitization have brought air conditioning, navigation, and parking assistants – even to the entry models.

At the same time, crash tests and regulations have increased and aligned the safety standards of the industry. ABS, airbags, ESP, and collision avoidance systems have become mandatory.

Furthermore, much of the technology is now being developed by third-party suppliers, and no longer the OEMs themselves, making it available across brands.

And it seems that the shift to electric powertrains is further accelerating the trend to standardized technology. In electric mobility, power is abundant and scalable. Full torque is always available. All-wheel drive is a mere question of how many motors a car has.

The availability of today's automotive technology, contract manufacturing, and electrification allows newcomers to build 1,000+ horsepower, ultra-luxury limousines, certified with a 5-star crash test rating, seemingly off the cuff.

THE BIGGER PROBLEM: NEWCOMERS ARE THE NEW TECHNOLOGICAL DRIVERS OF THE INDUSTRY

Electric and autonomous mobility offer newcomers a golden opportunity to enter the industry at a point where everyone is starting at square one.

What's more, the agile, software-driven newcomers have a head start on the process-oriented, hardware-driven traditionalists. Their innovation-focused

skillsets are suited to this completely new set of challenges better than the careful optimization of the traditionalists.

But even emission-free, fully autonomous vehicles will eventually become a commodity – and the current pace of development suggests this will happen sooner rather than later.

Despite increasingly standardized technology, most car brands still derive their positioning from the product – and so miss their opportunity in an age of brand experience.

CAR BRANDS WITHOUT MEANING BEYOND THEIR PRODUCT WILL EVENTUALLY BECOME WORTHLESS

Brands are assets that add value to a product.

Their meaning is their power.

Meaningless brands have no value – the product must rely on its features and benefits.

Representing a specific technology is only effective as long as it differentiates the brand. The moment others have this same technology, the positioning becomes arbitrary. When everyone has it, the brand becomes meaningless.

The same applies to representing a specific price segment. In today's international, saturated markets, this only works at the extreme ends: no-frills budget and ultra-luxury. While price can be an additional differentiator between similar products, it is more the result of strong positioning than the positioning itself: Meaningful brands have much greater pricing power and can charge significant premiums.

However, the biggest problem facing a meaningless brand is that it has nothing to contribute besides a commoditized product. It has no proprietary theme, which is the key to a unique and coherent brand experience.

CAR BRAND POSITIONING IN A NEW ERA OF MARKETING

The new era of marketing is not about the product and its features but about the user and their experience.

Experiences are the next successive element in the *Progression of Economic Value* after commodities, goods, and services, as Joseph Pine and James Gilmore describe in their book *The Experience Economy*. For an experience, “a company intentionally uses services as the stage, and goods as props, to engage an individual.”¹

The good becomes a tool to achieve an experience. The brand *themes* the experience: What is the experience about?

To theme an experience, a brand must have meaning – a collective notion in the minds of the public.

Positioned correctly, the brand claims an association that is differentiated from the competition – its own brand territory.

The cornerstones of this brand territory are determined by a holistic strategy that provides one coherent meaning symbolized by the brand, embodied by the product, and conveyed by the communication.

MEANINGFUL PETROL BRANDS CAN THRIVE IN AN ELECTRIC FUTURE

Today's iconic brands have one great advantage over the newcomers entering the market: They have already earned their reputation through past experiences.

To thrive in the electric era, they must tap into their essence – their meaning beyond temporary technology – and claim their brand territory.

Long-established brands emphasizing their heritage with panel-covered, functionless monster grills evoke a longing for the past rather than an excitement for the new era. Moreover, skeuomorphic design contradicts the brand's original, performance-driven meaning.

¹ Pine II, B. & Gilmore, James. (2020). *The Experience Economy: Competing for Customer Time, Attention, and Money*, 15.

Once brands have unlocked their essence, electric mobility becomes a tool to conquer the future in the same way as the technology they used to conquer the past. Their notion of a car stays the same.

A meaning beyond technology is also the only way for newcomers to claim a brand territory. Ten years from now, emission-free powertrains and autonomous driving will be standard features that are no longer disruptive or differentiating. How will these new and exciting brands of today differentiate themselves in the future?

CAR BRAND POSITIONING AT PHANTASIA CONSULTING: HOW WE DO IT

Brand, product, and communication are mutually interdependent.

Positioning the brand is only one element – it must be implemented in the context of a holistic strategy.

We start with the strongest pillar of a company – a fascinating brand, an iconic product, or a strong purpose.

From here, we establish a holistic perspective across brand, product, and communication to distill the essence of the brand.

We further develop a coherent vision of the future to create a holistic strategy and peg the brand territory: What is the ideal experience with the brand featuring the products all about?

A holistic strategy involves a long-term brand strategy together with a long-term product strategy, and a long-term communication strategy that conveys a consistent, well-differentiated meaning in the context of the competitive environment.

To implement the strategy, we create and maintain a strategic platform.

This centralized platform ensures a mutual, holistic understanding of the brand, its products, and its communication across all internal departments and external specialists.

This holistic strategy enables them to apply their expertise in a consistent, aligned direction, and seamlessly contribute their part to a compelling brand experience.

Thank you for your interest in car brand positioning. Read more about the concept of holistic strategy on our website or subscribe to our newsletter to receive our latest articles.

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