

# *Analysis of Marketing Strategy of Porsche*

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**Abstract:** Porsche is a famous sports car brand, and its history can be traced back to 1900, and it has also overcome many crises during this period. At that time, Porsche unlike other sports car brands such as Ferrari, Lamborghini and Aston Martin, Porsche broke with conventional thinking and started making SUVs. It was this potentially damaging decision that allowed Porsche to develop. And today it has not only the most advanced technology but also the most profitable sports car brand. Therefore, in this paper, the marketing strategy of Porsche is mainly studied by applying the marketing theory of 4Ps. The study found that the reason why Porsche can continue to make profits is because of its precise control of consumer demand, strong product strength, marketing strategy for luxury brand image, and flexible strategies for responding to different regions.

**Keywords:** marketing strategy, price, sales, Porsche

## **1. Introduction**

Porsche is one of the most famous sports car manufacturers of the 20th century. As everyone knows, sports cars are more sensitive to the economic environment. If the economic environment was in recession, the sports car market will be hit harder than the family car market. So later, Porsche decided to start a project to build SUV models, which saved Porsche from bankruptcy. Unlike other sports car manufacturers, Porsche joined the production of the SUV model early. Therefore, Porsche's influence in the field of sports cars continues with the sales of its SUV model and other entry models. The marketing strategy of Porsche is mainly studied by applying the marketing theory of 4Ps in this paper. Through the method of 4P model, it can be determined that Porsche began to become profitable through effective product division, price positioning, and market positioning and other aspects. This research studies the marketing strategies of Porsche. The successful marketing strategy of Porsche has a positive role in the luxury car brand and other brands can also actively develop the technology in the automotive field like Porsche, so as to increase their brand value. The relevant research on Porsche in this paper can provide references for other brands.

## **2. The Marketing Theory of 4Ps**

The origins of the marketing Theory of 4ps back to 1960, which was formalized by Harvard professor Neil Borden, also known as the four P's of marketing, refers to the four key elements of a marketing strategy: product, price, place and promotion. By paying attention to the following four components of the marketing mix, a business can maximize its chances of a product being recognized and bought by customers [1].

## The marketing mix

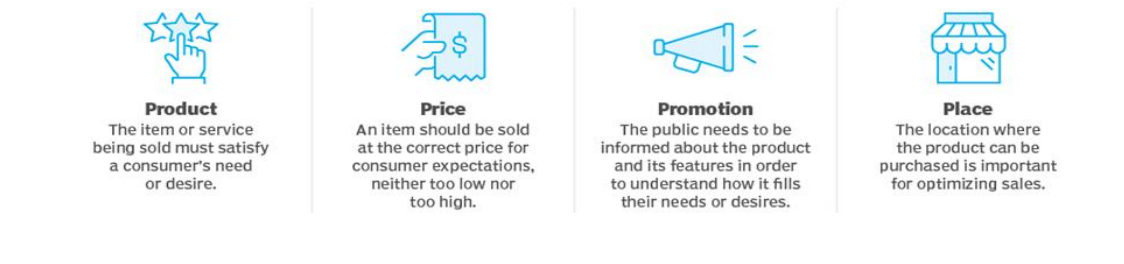


Figure 1: Four key elements of a marketing strategy [1].

### 2.1. Product

Because of the extension of Porsche's brand image, Porsche has reached different market segments through more profitable product lines and realized the diversification of its business portfolio. 2 In first, Porsche's 2002 introduction of the Cayenne marked the unveiling of a new production facility in Leipzig, Saxony, which once accounted for nearly half of Porsche's annual output [3]. And Cayenne sales accounted for 53.6% of Porsche's total sales. Prior to this, Porsche obtained market data, when the sales of SUVs in its most important North American market skyrocketed. George Peterson, president of AutoPacific, a marketing research company in Tustin, California, also said, "Our survey shows that 65% of potential buyers under the age of 30 intend to buy an SUV, while another 34% of the general public appear to want to do the same." [4]. So that is why Porsche wants to break the tradition and start making SUV models. Just as Porsche says stylish design and everyday practicality are not mutually exclusive [5]. After the good market response caused by Cayenne, Porsche successively launched Panamera, Macan to meet the market demand. And Taycan is also a sports car redesigned by Porsche considering the sustainable development strategy of the current era. And ahead of Porsche's landmark potential listing late last year, the company let investors know its electric vehicles would be very profitable in the long run [6]. The Stuttgart-based manufacturer believes consumers are willing to pay more for battery technology and plans to use their willingness to its advantage [6]. In addition, Porsche's product strength should not be underestimated. From the beginning, Porsche Cayenne was produced on the same platform as Volkswagen's Touareg, sharing many parts, which saved Porsche a lot of costs. According to the survey, it saved Porsche at least 50 million euros. Through January 12, 2023, Porsche Cars North America (PCNA) announced that U.S. retail deliveries will total 70,065 vehicles in 2022, the best year ever for PCNA and surpassing the previous record set in 2021. Deliveries in the fourth quarter also hit a record high for the period, reaching 20,955 vehicles, up 14 percent from a year earlier [7]. The sales data in table 3 also shows Porsche's astonishing profits.

Table 1: Sales of all Porsche Models in 2002-2003 [4].

Model	2002/03	2003/04
Vehicle Sales Porsche	66,803	76,827
911	27,789	23,704
Boxster	18,411	12,988
Carrera GT	/	222
Cayenne	20,603	39,913

Table 2: Sales of all Porsche Models in 2021-2022 [7].

Model	2022	2021
911	10,204	10,042
718	3,484	4,292
Taycan	7,271	9,419
Panamera	4,224	4,257
Cayenne	21,194	17,299
Macan	23,688	24,716
Grand Total	70,065	70,025

## 2.2. Price

Porsche's positioning is high-end and luxurious in the automotive field. Luxury consumers buy products and brands that they perceive to have similar or complementary symbolic power to their self-image, which creates coherence between brand and image [8]. As a high-end brand, the design of Porsche is unique and has personality. Porsche has a very classic family-style exterior design, which not only saves costs but also increases brand recognition. And Porsche provides more personalized optional customization, which can better allow consumers to reflect their individual needs. For instance, if some consumers want a more lightweight interior, Porsche can provide interior options made of carbon fiber; for some consumers who want more powerful power and focused driving experience, Porsche provides a Turbo version and GTS version; if consumers just want a luxury family car, Porsche can also provide options such as child seats, Premium audio, and more practical option. These differential choices will also make a very large price range.

## 2.3. Promotion

For Promotion, 911 can play a very good promotional effect. First of all, as a very well-known and historical sports car brand, the Porsche 911 is now the strongest road sports car in New North and has always been at the forefront of the list. These achievements of the Porsche 911 have affirmed its status as a sports car and proved that its performance and technology are very leading. Second, Porsche has established a good brand image. It donated 2.5 million US dollars during the 2011 Japanese earthquake and donated 5 million euros to those in need during the new crown. And thirdly, Porsche has also done a lot of promotional activities. For example, Porsche always has done a lot of influential activities, one of the activities is Rennsport Reunion that a grand gathering to commemorate various models of Porsche in the past and present. Porsche design also cooperated with Huawei's Mate series products, and Porsche's sports car like 911 and 918 always featured in very popular movies like Fast and Furious, or magazines. Porsche also carried out a very successful digital marketing campaign The power of balance when launching the Cayman model, in which "advanced engineering. Ambitious. The perfect fusion of man and machine embodies the true Porsche spirit." [9] Porsche through this new marketing method allows people to better interact with the brand and allows more people to experience the uniqueness of the new Cayman through games. All in all, the elite and luxury brand image created by Porsche has been deeply rooted in the hearts of the people. There is no doubt that Porsche's marketing is very successful.

## 2.4. Place

Porsche's market positioning is very accurate, in the North American market where SUVs exploded at that time. As a sports car brand, Porsche has produced an SUV with powerful performance and strong practicality. Moreover, the Porsche Cayenne was produced on the same platform as

Volkswagen at that time, which had good product strength and saved a lot of costs. So, Cayenne is a very successful product of Porsche. In addition, the sales of 718 are different in different countries. For example, in the United States, the sales of 718 Boxster and Cayman live in the shadow of 911 [10]. But then Porsche launched the 718 Cayman GT4 and Spyder to meet the needs of the American market. However, the situation is different in China, where 2.0-liter cars are much cheaper than 2.5-liter cars due to China's emissions tax regulations. That makes the base 718 more attractive than the 2.5-liter 718 S or 3.0-liter 911 Carrera [10]. So this is the reason why 718 is very popular in China. "It is very important that our cars sell very well in China, and we have a lot of target groups in China, they are very young, and most of them are women. And the main buyers of Boxster are Chinese women in their 30s, which is very valuable because after they buy a Porsche car, they will also choose Porsche in the future", Porsche said. [11]. The Porsche sports-car head Dr. Frank-Steffen Walliser even said, "I have to say that the entire model range wouldn't exist without China" [10].

### 3. Conclusion

As Porsche is the most profitable sports car brand in the world, this research mainly uses the marketing theory of 4p to discuss Porsche's profit strategy. The study concluded that Porsche dared to open up new markets and has strong perceptions of market demand. Porsche totally understands the needs of different customers in different regions. And through continuous improvement of its own technology and good external marketing and publicity, it will establish a high-performance and luxurious sports car brand in the hearts of consumers. The advantages of its own brand value coupled with the personalized option marketing of products make consumers enthusiastic about the Porsche brand. This research can also apply more data and cases, and analyze how Porsche accurately grasps the demand of consumers in the process of market research. In the future, under the trend of vehicle electrification, how Porsche's marketing strategy will change deserves more research.

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