

All Brands Are Niche Brands  
by Tim Mahoney

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# All Brands Are Niche Brands

Subaru's chief marketing officer on how to sell cars in a tough market.

by **Tim Mahoney**

**W**hat is a niche brand? As the chief marketing officer at Subaru of America, I should know. Subaru's share of the U.S. auto market is around 2 percent. Surely that's a niche brand — at least in a quantitative sense. But numbers alone don't tell the whole story. In my view, every brand is a niche brand. People don't say, "I'm going to buy a General Motors." They say, "I'm going to buy a Chevy."

The problem, of course, is that most brands aren't marketed as niche brands. But they should be. We at Subaru closed 2008 as the only volume brand to show a sales increase, and our U.S. sales remain steady in 2009 and were up 3.4 percent in June. That's a tribute to successful niche marketing, a strategy every marketer can learn from.

I began working for Subaru of America in the early 1980s, right out of business school. In the early 1990s, after attempting to compete in the mainstream, Subaru decided to build its brand exclusively around all-wheel-drive vehicles, in order to differentiate it from all the Toyotas and the Hondas out there. It was where our expertise lay, and it was also a more profitable end of the auto market for Subaru, as a niche brand, to focus on.

Carving out all-wheel drive as our niche and centering on our unique "Boxer" engine also gave us an

opportunity to take the brand in different directions. In the past, all-wheel drive was almost exclusively associated with bad weather and muddy off-road trucks. With the launch of the all-wheel-drive Outback station wagon in the 1990s, we started to cross over, literally — expanding the brand, and by extension the whole category — to encompass an active lifestyle better lived, no matter which of our vehicles the customer wanted.

Then, in the late 1990s, we began to concentrate on communicating the benefits of active safety and active driving to broaden the brand's appeal, and its association with all-wheel drive, even further. With the launch of fast, nimble cars like the compact Impreza WRX and then the Impreza STI, we extended the concept of all-wheel drive to include performance.

In 1999, I left Subaru on a sort of sabbatical to join Porsche, just as Porsche was preparing to launch the first non-sports car in the company's history. We positioned the Cayenne SUV as the only SUV fathered by a sports car, and, at the time, people thought Porsche was moving into turbulent waters. But the car stayed true to the brand's core DNA — performance, design, exclusivity — and that allowed the company to move into this new segment.

In 2006, I returned to Subaru, having learned just how important it is to have a very clear sense of what

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a brand is all about. It's a matter of focusing on the basics of what makes your brand special and really speaking to your core customers and potential customers. That's what we've been doing for the past three years, and especially with our current campaign: "Love. It's what makes a Subaru a Subaru." One of the reasons we are doing relatively well in this dismal auto market is that we know who we are, and we speak of things that are relevant to customers.

Current Subaru owners know who they are. Buyers of Outback station wagons are certainly far different from buyers of STI performance coupes. Still, our current campaign taps into a shared trait: Both groups love the Subaru brand. When we were developing the campaign, we asked owners of competitive products what they thought about their vehicles. You rarely heard them say that they loved their vehicle. Yet we get that at Subaru a lot. The Love campaign came into being because we kept hearing, "Oh, I love my Subaru. I love my old Forester, my STI." That goes back to being a niche brand. They love Subarus for different reasons, but the passion is there.

This, I think, is the key to the development of a strong niche brand. Each car in the overall brand's line-up — Outback, Legacy, Forester, WRX — needs to fit perfectly into its own niche. That has created a lot of "love" for the overall brand, which we can capitalize on in turn as we promote it.

Before we began the campaign, we investigated the difference between Subaru owners and the owners of other, broader brands. Subaru owners, it turns out, have a very Porsche-like passion for their cars. People who own more mainstream Japanese brands typically see them as an appliance. For them it is a more gener-

ic, less involved ownership experience. Our campaign strategy was to tap into the idea that there is a car company out there with which you can have a slightly different relationship. Its products, and the ownership experience, are unique.

Of course, the goal of the campaign isn't just to talk to current owners; otherwise, we wouldn't have had the success we've had in expanding the brand. Potential buyers of a WRX or an STI are part of a niche of car buyers looking for performance, for a fun driving experience. Buyers of Outbacks are the type of people who might like to go camping or skiing. In other words, Subaru buyers are all what we call "experience seekers." Experience seekers collect experiences, not just possessions, and our cars serve the niches in which they live.

We believe there are about 63 million experience seekers, as we define them, in the U.S. alone. That's our target audience. And thanks to the Love campaign, our "conquest" number — the number of first-time buyers of Subarus — is going up, despite the recession.

Still, not many people buy a car solely for emotional reasons. Virtually any purchase involves the heart, the brain, and the wallet. And yes, our cars are a rational choice too; they're reliable and dependable. And they are reasonably priced. But our success during this recession, relative to our competitors, depends heavily on our appeal to the heart. If you see your car as little more than an appliance, it's easy to put off buying another one when times are tough.

Today, most car advertising shouts the same mantra: "deal, deal, deal." We come at it from the opposite point of view. Good advertising these days assures rather than scares. Our Love campaign does just that, providing emotional reassurance rather than continually remind-

ing consumers of the dire state of the economy.

You can introduce a product during a recession and still do well if you do it right. Doing it right means being true to who you are and positioning the product properly, while offering good, competitive value. That's what niche marketing is all about. +

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## Resources

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Stuart Elliott, "Trying to Connect in a Crowd," *New York Times*, April 24, 2008: A useful analysis of the genesis of Subaru's "Love" campaign. [www.nytimes.com/2008/04/24/business/media/24adco.html?\\_r=1](http://www.nytimes.com/2008/04/24/business/media/24adco.html?_r=1)

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John Gerzema and Ed Lebar, "The Trouble with Brands," *s+b*, Summer 2009: An examination of why brands rise and fall, and how that correlates with shareholder value. [www.strategy-business.com/press/article/09205](http://www.strategy-business.com/press/article/09205)

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Subaru Web site: The company's North American home page. <http://www.subaru.com/>

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