Porsche’s Success: Distinction and Memorability

Simon Zhu

Abstract

Porsche is a car manufacturer that has dominated the market for decades. And a couple of details reflect how it can keep profiting and surviving in the industry. Porsche keeps updating their products and making them fit in the environment at any time; it uses dreams as their philosophy and sticks their products with this value. It has a clear division of cars, which establishes a cycle of money flow. As a result, these details may attract people with common perspectives to stand aligned with Porsche.

Keywords: Porsche, cars, Analysis, Cayenne, Sales, Car Racers

Introduction

Millions of cars have been produced in the long river of vehicle manufacturing history. There were thousands of car models, each of which contributed to the trajectory of the development of vehicles. In all the shiny stars that blink brightly, Dr. Ing. h. c. F. Porsche AG., known as Porsche, is one of the most outstanding car brands. Porsche specializes in producing high-performance vehicles, including SUVs, sedans, and racing cars. Porsche was founded in 1931 by Ferdinand Porsche, who was an Austrian automatic engineer. Porsche’s engines became famous since it was involved in Adolf Hitler’s “People’s Car” project,[1] and Ferdinand Porsche’s son, Ferry Porsche, also worked for Adolf Hitler to develop a driving system. Later on, this system became the basis of the later-developed engine of Porsche. After World War 2, Ferdinand and Ferry Porsche worked together and turned their battlefield into producing high-performance sports cars.[2] Here comes the Porsche age that everyone is familiar with. Here comes the question: Why does Porsche dominate the luxurious car market? We can look at these from constant product updates, high customer loyalty, and a brief structure of model types.

Catching Up the Time

Over the 90 years since Porsche was founded, it’s profiting by fitting the new environment and not getting lost. Porsche never produces common and neutral products but always maintains a new flavor for their audience. At the same time, they also keep their old and distinct taste for those who are Porsche real lovers. Let’s take Porsche’s SUVs as an example. As shown in Porsche’s car sales statistics report in 2022, the Cayenne and the Macan models demonstrated crushing success in their sales numbers over other models, including Porsche’s legendary 911.[3] The aggregate profit of Porsche’s SUV models takes around four-sevenths of Porsche’s car sales profit in 2022.[4] The innovation of Porsche’s SUV was a turning point in the product line in Porsche’s history. In addition to this point, the idea of producing SUVs for Porsche was proposed by the executive V.P. of Porsche, Hans Riedel, who came to Porsche from BMW in 1994. In his analysis, the 911 model Porsche will soon decline, leading Porsche into the abyss. “It was apparent that the sports car had its limits on the market,” said Anton Hunger, Porsche’s head of public relations. Therefore, Porsche sought a chance to reform and eliminate this dilemma. Therefore, the concept of “Third Porsche” was proposed. The staff of Porsche tried five alternates of the new model, but they found out that these are only made for luxury people, and it wouldn’t help solve the issue. In the late 1990s, the U.S. was Porsche’s biggest market, making it the most important for Porsche. Minivans flourished at the time, especially for low-income families. Yet, recounted Hunger, “Large SUVs were doing well across all income levels even back then.” As a result, Cayenne was produced and pushed out in 1998.[5] Compared with other SUVs, the most distinct feature of Cayenne and Porsche’s other SUVs is their sports feature. While most other SUVs focus more on the car’s climbing performance, Porsche innovated the Cayenne for an outstanding driving experience and high speed. They made the car with higher seats, high-performing engines, and even better leather for sitting. All these factors contribute to the customers’ maximum satisfaction in the driving experience.

In recent years, electric cars have become the main trend of vehicle innovation. The ultimate goal of its development is to achieve net carbon neutralty.[6] Porsche
also published their newest fully electric model in 2019--Taycan. Up to 2022, the sales of Taycan had broken 34,000\textsuperscript{[17]}, and it’s not even worse than another well-known model--Panamera. In the future, “more than 80% of our new vehicles are to be all-electric by 2030”\textsuperscript{[6]}, said Dr. Oliver Blume, the Chairman of the Executive Board of Porsche. Aside from spending efforts on electric car development, Porsche has also generated an eFuel plan. This plan, named “Double E,” aims to produce a fuel close to reaching carbon neutral\textsuperscript{[6]}.

**Racer Dreams**

In addition, one of the best strategies of Porsche is to strengthen customer loyalty. Flashback to childhood memories: How many children have dreamed of being a racing driver? How many men had dreamed of holding the brake and stepping on the gas to pass the finish line and ace the game? This scene had occurred in millions of children’s dreams, dreaming of becoming the natural and unrestrained driver who enjoys feeling the speed and wind.

“Dream should be lived -- and some should also be driven”\textsuperscript{[8]}. This is the philosophy that Porsche has been sticking with over the years. All the designs of Porsche models are contributing to this philosophy. Moreover, there’s also a small detail that everyone now finds in the design of Porsche. Many years ago, racing cars still required keys to start the engine in the races, and then the drivers would push the gas all the way down for maximum initial speed, and the starting keys were placed on the other side of the gear shift lever. Unlike other cars, Porsche keeps this detail after decades, and all these are for reaching out their promise of achieving dreams for their customers. “Our heartbeat to this rhythm -- for you and your dream”\textsuperscript{[9]}, said in the propaganda of Porsche. Porsche is fully sticking with its philosophy of contributing to people who are loyal to them. These details pull the audience into the rivers of their life and force them to recall their dreams when they were young. This may lead to the resonance of the audience with their childhood memories. And for making resonance, some other details must also be made. As mentioned before, Porsche’s most outstanding feature is its speed, regardless of which model. Once Porsche was founded, its engines kept evolving to higher standards. And they aim to give the driver the natural feeling of being a racing driver. Hence, in any model of Porsche, the drivers can experience the feeling of being a racing driver, to feel the speed and push-back forces. As a result, this philosophy became Porsche’s most centered and core value, and it successfully connected its propaganda with this value. When people think of Porsche, the racing driver automatically comes to mind.

Another strategy also applies to gaining more customers. In Porsche’s sustainability report, “the ‘customer’ cut-off strategy”\textsuperscript{[6]} is applied to Porsche’s flagship stores. It aims to “excite customers when purchasing and using their vehicle,” and the customers’ excitement would be measured and recorded by stuff, and it’s called the “excitement index” by Porsche. As the customer base expands internationally, the Porsche community will be solid as time passes. Eventually, the community will help Porsche increase customer loyalty and take advantage of its worldwide reputation.

**Sales Structure**

On the other hand, Porsche’s clear and brief division for each model also helps its profit. After 90 years of development, Porsche has six different models: Cayenne, 911, Panamera, 718, Macan, and Taycan. Each model has a different use in Porsche’s production system. As mentioned above, Porsche is a company that facilitates dreams coming true. As a legendary model, 911 is in charge of this job. It is the oldest model that Porsche has ever made, and it’s been eight generations now since Porsche was established. To stick with the tradition and dream, the 911 is unlikely to be canceled from Porsche’s models, and it’s the signature product of Porsche. Moreover, for many tech companies, innovation is the keyword of their value. Starting in the late 2010s, electric cars gradually became the main trend of future vehicles. As more and more companies initialize electric car production lines, Porsche also follows the trend. As the newest model published by Porsche, Taycan symbolizes modernization and Porsche’s intention to enter the electric car market. Electric cars consume more money on exploration and invention than traditional fuel cars. Therefore, a good economic basis is necessary for the company to afford the consumption of electric car innovations and the sustainability of evolution\textsuperscript{[6]}. To support it, Porsche will need a “money printer” to support the funds needed for Taycan development. And Cayenne, Macan, and 911 are in charge of this role. In the data shown in Porsche’s annual report, the sum of deliveries of these models takes up more than 70% of all deliveries of Porsche’s cars in 2022\textsuperscript{[6]}, and these three models turned out to be the most profitable products for Porsche. Porsche’s sales structure is a complete recycling between profit and innovation. It facilitates the company to keep evolving and producing better products.
Conclusion

In the furious competition between car companies, it’s uneasy for Porsche to stay in a dominant position. It could dominate the market for a long time due to its constant new features that follow up the time, conservation of customer attractions, and a profitable sales structure. The publication of Porsche SUVs reflects the sustainability of new features and plans like “Double E” to cater to market demand. Also, to preserve customers’ enthusiasm, Porsche promotes “dreams” as its core value, and they set up the “customer cut-off strategy” to keep in touch with the data of customer expectations. At the same time, Porsche’s sales structure also provides it with enormous benefits. Each car model has a different purpose that contributes to the complete recycling of the production and innovation. For shareholders, sometimes the reason they become members of a corporation is not because of benefits but also because of their favor for the brand value and its products. Hence, an analysis of the brand may help with the internal alignment of the company so that its core value will be conserved even as more people join. Back to the river of car manufacturing history, the innovation of the first Porsche has carved a deep mark on the car fans. After 90 years, Porsche is more than a car maker; but is also a lifestyle, a culture, and, of course, a dream…

Reference: