



FORD ESCAPE

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April 26, 2018

EXECUTIVE SUMMARY

The attached marketing plan addresses the recommendations of the Aqua Marketing Firm in regards to the overall marketing of the crossover vehicle the Ford Escape. We believe Ford Motor Company will find the data and recommendations enclosed in this marketing plan beneficial, as their purpose is to improve the overall promotion and sales of the Ford Escape.

This report outlines the current marketing strategies currently used by Ford Motor Company and offers our own analysis and recommendations to improve the brand's image and sales. The body of the report is divided into three major sections, each focusing on a different aspect of Ford Motor Company's current marketing position. The report then closes with an in-depth review of our firm's major recommendations for the marketing of the Ford Escape.

To give a brief overview of the Aqua Marketing Firms primary findings, we recommend that Ford motor Company first aim to improve the focus of their advertisements, specifically on recent innovations. Ford is a large company that offers a diverse range of products that go unnoticed without consistent advertising, so it important for Ford to showcase the innovations in a relevant and consistent manner. Second, we recommend that Ford price the Escape competitively so that the value of the car is similar to competing crossover vehicles. Finally, we suggest that Ford focus on familial values when marketing the Escape. Ford is a family-owned business and values its customers like family. We recommend that Ford capitalize on this value by sponsoring family-related events and donating to charities that center around families.

On the basis of the research provided in the following report, following the recommendations suggested by our firm would not only positively impact the sales and promotion of the Ford Escape, but the Ford brand at large.

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INTRODUCTION

The Ford Escape, a compact crossover that was first made available for purchase in 2000, is one of the most popular hybrid cars on the market. It has evolved over three generations; the first version being jointly developed with Mazda. At the time of their first release, larger sport utility vehicles were using “pickup truck-based, body-on-frame designs” (Romans, 1999).

In an attempt to stray away from this, “Ford and Mazda decided to offer a car-like, unibody design with a fully independent suspension and rack and pinion steering, the Escape” (Romans, 1999). In other words, Ford is a car company that values uniqueness as well as quality and comfort and they have made sure not to let these goals be forgotten throughout their years of innovation and development.

Ford has now grown to divide their business into four different segments. These segments include an automotive department, financial services department, the Ford Smart Mobility LLC and the Central Treasury Operations. This allows Ford to give specific care and attention to every aspect of its highly profiting company and greatly appreciated customers. Their LLC also limits their liability if something were to go wrong, therefore protecting their company from catastrophic loss.

Using business techniques like these are what keep car companies ahead of their competitors and in the market for the long run. The Ford Escape, similar to many of Ford’s other sustainable vehicles that are available on the market, strives on its appealing design, reactive driving conditions, affordable price and tenacious fuel economy to catch consumers’ attention and bring in a yearly profit that continues to help their company grow.

Company

Ford is an American automaker that was established as a company on June 16, 1903 by Henry Ford. Ford's first models to hit the market were called the Model A and Model T, which were available in four colors. The company was able to sell three million of these vehicles in just the first two years of them being available. These cars were priced at just \$385 for the roadster version and \$1,400 for the Town Car, also known as the "top-of-the-line" Ford at the time. The engine was a L-head inline 4-cylinder that only produced 40 horsepower, and the maximum speed being 65 MPH. Clearly, the company has evolved with time and now produces much higher speed vehicles with stronger and more developed engines. For example, the 2018 Ford Escape can reach up to 245 horsepower, over six times the ability of the first versions, and the maximum speed is 116 MPH.



Figure 1: Image of 2001 Ford Escape (Ford Motor Company)

Ford Motor Company is one of the most popular car manufacturers in the United States, and their sales are continuing to increase every year. In 2016 alone, they earned \$141.5 billion in revenue, which is \$0.9 billion more than the previous year. The revenue report for 2017 has yet to be released. Ford, releasing new models and versions every year, strives to create vehicles that meet the consumers' need of the time while still giving them a sense of luxury.

FINANCIAL HIGHLIGHTS		
(In billions, except for percentages)	2015	2016
Automotive Segment		
Revenue	\$140.6	\$141.5
Operating margin	6.8%	6.7%
Operating cash flow	\$7.3	\$6.4
Ford Credit		
Pre-tax profit	\$2.1	\$1.9
Total Company		
Net Income attributable to Ford Motor Company	\$7.4	\$4.6
Adjusted pre-tax profit (a)	\$10.8	\$10.4

Figure 2: Financial highlights of 2015 and 2016

Ford's mission statement is as follows: "People working together as a lean, global enterprise to make people's lives better through automotive and mobility leadership" (Ford Motor Company, n.d.).

Ford bases its products off of four keys factors: quality, safety, sustainability, and intelligence/innovation. In order to create lasting relationships with their customers, they take pride in producing cars that live up to these four factors, hoping to put them ahead of their competitors. Ford's objectives and strategies fit exceptionally well with their skills and resources, as they try to produce vehicles that are versatile while still maintaining a sense of opulence. Through this, they can keep manufacturing costs down and use components that are less expensive.

In a financial sense, Ford seems to be going in a positive direction with their company's growth and profit, although some business connoisseurs say otherwise. In a recent article written by Bernie Woodall and David Shepardson, they state that due to the increasing rise of costs, Ford's 2017 performance is sure to have fallen. They have formulated this idea based on Ford's increase of spending on new and emerging opportunities for the car world, such as self-

driving vehicles. In regards to their stock, they had hit a flat line between September and November of 2017, but have begun to fall since the beginning of January 2018.



Figure 3: The image above shows that Ford stock performance since March 2017 (Ford Motor Company, 2018)

In order to get a true sense of the internal and external aspects of this company, we have created a SWOT analysis below, in which we evaluate the internal strengths and weaknesses of the company, as well as the external threats and opportunities.



Figure 4: SWOT Analysis analyzing the strengths and weaknesses of the company

Markets

Ford's current target market is lifestyle based and targets families, as well as others who might need a vehicle that has more practical features. In other words, the Ford Escape is a utility vehicle. Its purpose is to be able to carry small loads as well as up to five people, comfortably. It isn't a car known for its speed or luxury, but rather for more functional purposes. In their most recent commercial, released on television just 3 months ago, an older lady is being trained by her daughter to get her energy up and lifestyle healthier. The commercial shows her daughter driving her mom around to different places with a trunk filled with exercise balls, yoga mats and even a fully equipped elliptical treadmill. The slogan for the commercial is "for those who keep on pushing". In another commercial, a young couple goes to the fair and wins two life-sized bears. They are captured in their vehicle driving home at the end of the commercial, in which their bears are strapped into the two back seats. The slogan for this commercial is "Making Memories." This commercial exemplifies their idea that this vehicle is made to adapt to any situation and is ideal because of its comfort and size.

Ford also targets Millennials, those born between the early 1980s and early 2000s. This is a more demographic based market segment. In order to do this, they debuted the 2017 Ford Escape in New York by creating their own version of the game "Escape the Room," a puzzle solving game involving clues to help the players solve the challenge before time runs out. In this game, Ford made the clues fun facts about their new car in an attempt to draw in younger people to the market. They used fun facts, such as Ford's equitability with smartphones, to help the consumers interact with the vehicle in a fashion that would help draw their interest. Rather than using commercial advertisement, a marketing tactic used by almost every business, they decided to take a hands-on approach.



Figure 5: Image of participants of Ford's "Escape the Room" promotion (Ford Motor Company, 2017)

In addition to these target markets, there are others that could be profitable for Ford to begin reaching out to. Ford could begin targeting new drivers, as they could advertise the car's safety, reliability and even fun aspects to attract their attention, such as its ability to carry multiple people for events such a road trips. They could also highlight the sustainability of the car and its gas mileage, keeping costs down for those who may not have as easy of an access to money. For teenagers who are constantly on the go, and may not be as experienced of drivers, the Ford Escape could benefit them through its endless safety features that still allow the car to have a sporty feeling.

In relation to their competitors, Ford was ranked No. 5 for Compact SUVs, No. 7 for SUVs with two rows and No. 12 for Crossover SUVs. According to customer reviews, many consumers feel that the Japanese competitors, such as Toyota and Honda, are producing higher quality cars and that in general, American cars are considered lower quality. Ford's major targeting and positioning issue is that they are targeting too broad of an audience. Their broad portfolio doesn't allow for Ford to find one specific aspect that covers all of the target markets that they are trying to pursue. For example, Lexus is known for the luxury aspect of their cars, whereas Ford is trying to be known for safety, reliability and sustainability all at the same time.

Another issue is that the other competitors are targeting similar markets, so Ford needs to find a way to really separate themselves from the competition. It is hard for Ford to make a defined targeting niche when their spectrum of products is so broad. For consumers that are looking to buy cars, Ford sells many products that have a wide range of favorable characteristics. Unlike other car companies who are known for one quality or product, Ford attempts to combine all favorable characteristics into their vehicles.

Competitors and Competitive Rivalry

The major competitors for Ford Motor Company include General Motors Company, Toyota Motor, Fiat Chrysler, Honda Motor Company, Tesla Motors, and Volkswagen Group.

After completing a SWOT analysis, we can see that Ford's strengths include its iconic brand image as an all-American car as well as unyielding customer loyalty and drive for innovation. Ford has also pushed itself in recent years to grow its market, as a major focus in the automotive industry today is globalization. As it gets easier for companies to sell products and market them worldwide through platforms such as the internet, an entirely new consumer base is available to companies. Ford has caught onto this important topic in recent years and has begun marketing to the Chinese populous. Because China is the world's second largest economy, there is great opportunity for growth as Ford just introduced itself to this new market (Howard, 2017).

In the 2016-17 year, Ford released a sustainability report critique of their own company. Today there is a huge push for sustainable practices within companies because lifestyles are now changing (Ford 2016-17). As Ford hops into this popular market, it opens up large opportunities for marketing success as well as an increase in creativity and innovation. As Ford shifts its market to producing cars with lower fuel emissions, this provides a huge opportunity as the number of hybrid and electric vehicles was at 3 million November 2017 and is expected to reach 5 million by the end of 2018 (Vaughan, 2018).

However, sustainable practices is also a huge strength for other companies such as Tesla Motors and Toyota Motors. These two companies in particular dominate this sustainable and innovative industry, with Toyota leading the competition by producing three models on the American Council for an Energy Efficient Economy's (ACEEE) "Greenest Cars" list (Gorzalany, 2017). With Ford's competition being so high, this brings us to the company's weaknesses.

Ford is behind in its sustainable practices and thus will need to transform its business practices to compete with this changing industry. Today, the market is in high demand for low-emission cars that not only benefit the environment, but the consumer as well. Its major threats remains its highly aggressive competition, including Tesla Motors and the new driverless cars produced by Google and Apple. Such technology is trending around the globe and all motor companies, not just Ford, are struggling to keep up.

Currently, Toyota remains as the leader of the automotive industry and competes with the "top ten" automobile companies in the world. Such companies includes Honda, Tesla, General Motors, BMW, and Ford. In the hybrid industry, Toyota's Prius is the best selling hybrid car in history (Duggan, 2017). Tesla is also on the grid as the car company to watch out for. The company's CEO, Elon Musk, has big dreams and many Tesla supporters applaud Musk's creative ideas and innovative products. As the hottest car brand on the market today, Tesla's eco-friendly electric cars are in high demand and have become more popularized within the past year. Tesla's innovation has pushed other automotive companies further, demonstrating that a car can be more than just a mode of transportation and has set the bar for sustainable practices (Elkind, 2016).

Tesla is a major player in the U.S. automotive industry, but ultimately, General Motors has the largest market share at 20% with Ford and Toyota following just behind at 14.2% (Statista, 2017). Tesla is innovative and popular currently, but it doesn't have a production scale comparable to that of GM and Ford. In fact, many speculate that Tesla is in for a harsh

awakening when they realize that their innovative and sustainable practices are no match for the volume of production offered by other leading car manufacturers.

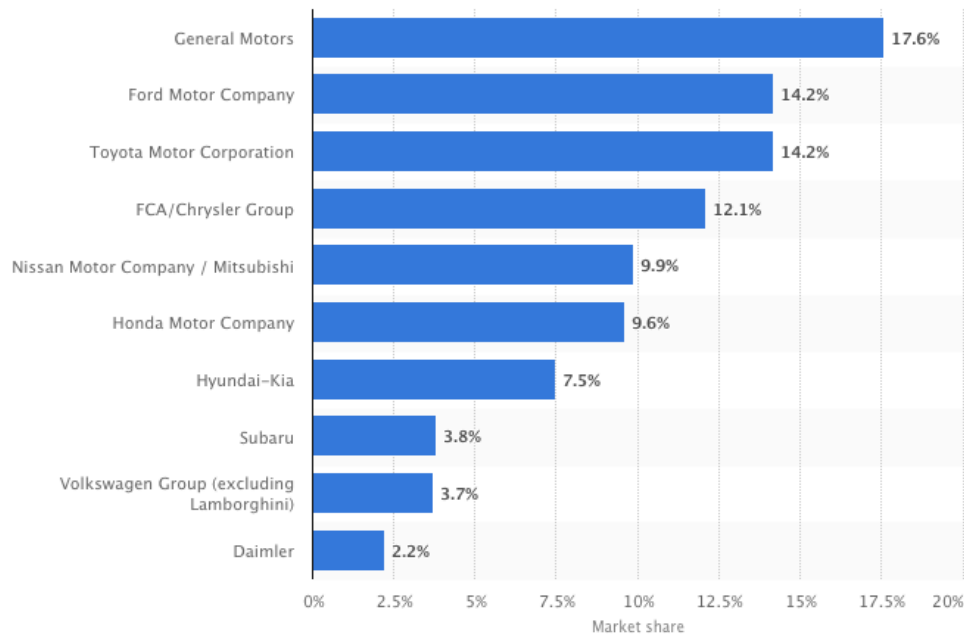


Figure 6: Market share held by selected automobile manufacturers in the United States in 2017 (Statista, 2017)

With such high competition between car companies, the threat of substitution is high within the automotive industry. Many car companies offer similar features among cars, and as a result, price is highly elastic, meaning that as the price of a car increases, the demand for the product will decrease drastically.

Of course, substitution refers to more than just other car brands. In terms of transportation, other companies are coming up with innovative and green ways to move people. Uber and Lyft are just two of such companies. These new means of transportation are known as “ride-sharing” businesses and charge a fee to transport passengers to designated locations. A modified version of a taxi-cab, drivers have the freedom to operate from the comfort of their own car and work at any hours they please. Studies have shown that people may buy fewer cars and take fewer trips in areas where Uber and Lyft operate. With the trend in ride-sharing rising, the custom has affected the mentality of the millennial generation in urban areas. Now, there is

less of an incentive for the younger generation to acquire a driver's license, buy a new car, or even purchase auto insurance. As a result, the automotive industry will suffer as less and less young people are interested in purchasing cars if they can catch a ride with someone else for a lower rate (Bruno, 2017).

Another popular form of transportation that is taking the world by storm is the bike sharing system. As a green way to get around, bike sharing allows customers to pay for a bike's usage within a metropolitan area and leave it either at designated docking stations, or use smart bike technology to leave anywhere (National Association of City Transportation Officials, 2016). Ford Motor Company has already recognized this popular and sustainable form of transportation and has produced its own product: Ford GoBike in the Bay Area of San Francisco. The bike can be rented after purchasing a "pass" that allows the user to travel from point A to point B with a designated amount of ride time. Ford GoBike also features an app to accompany their product, a map showing docking stations in the area, your ride time, and purchase information (Ford, n.d.).



Figure 7: Image of Ford Go Bike (Ford Motor Company, n.d.)

The automotive industry is an oligopoly with 10 major competitors controlling 51.4% of the global market share (Statista, 2017). Globalization also plays a large part in the effects of

competitive rivalry. As the world becomes more connected, this opens pathways and availability for new market entries as well as the ease of distribution among a larger consumer base. To combat this new issue, Ford has recently expanded its market to China, increasing its presence in the world's second largest economy and largest market for automobiles (Gerard, 2017).

“China is not only the largest car market in the world, it's also at the heart of electric vehicle and SUV growth and the mobility movement,” Ford Chairman Bill Ford said from Shanghai in an article written in 2017 by Phoebe Howard. “The progress we have achieved in China is just the start. We now have a chance to expand our presence in China and deliver even more for customers, our partners and society.”

With the advancements in technology and the demand for cars overseas, U.S. automotive companies now have an opportunity to market their products globally - but face the competition of global competitors, such as Toyota and Honda. The former's success stems from their ability to produce a large number of cars quickly, efficiently, and through sustainable practices. Toyota's small, reliable, and compact cars are easier to transport and the company has also perfected its production method at the lowest cost possible (Deutsche Welle, 2015).

Although Ford is entering the Chinese automotive market and plans on adding an additional 50 models by the year 2022, they will be doing business in a highly competitive industry with other car manufacturers who have established a solid presence in the nation (Howard, 2017).

Because the automotive industry is an oligopoly, the threat of new entrants is very low. This, in turn, makes the industry very profitable. There are, however, many substitutes for cars which does pose a problem for the industry. As the price of automobiles in one car company increases, the more likely customers are to turn to another car brand for lower prices or uses alternate forms of transportation. Because of this, the largest automobile manufacturers are very competitive with each other and must do their best to stand out from other companies (Uzwysyn, 2012).

It is because of this elastic demand that car companies market to different segments. Ford's all-American personality and push for more durable cars make it a household name. The company has had a long and successful impact on the automobile industry, revolutionizing production processes as well as products.

The factors that inhibit new entry are mainly the cost of production. Car manufacturing is not a cheap business, and many regulations, people, machines, and research are involved in the production of a car. The largest automobile companies that exist today have been around for decades and have grown with the industry, allowing for smooth transitions in terms of market trends and cost. Even then, the American automobile industry has had its ups and downs with the initial importation of Japanese vehicles. Today, the major car companies distribute and sell cars internationally, and control the majority of the market share in other countries further reducing the threat of new entries.

Customers

Ford takes pride in their customer service and stands as a brand with many loyal customers. In 2017, Ford achieved the highest loyalty rate and was awarded the Overall Loyalty to Make award by the annual Automotive Loyalty Awards. With a loyalty rate of 63.4%, or percent of consumers who repeat purchases (Gazdik, 2017).

Today, Ford continues to win over loyal customers and has created the "FordHub," a location built solely to inform consumers of Ford's impact on the world, innovations, and future projects. The locations are placed in highly populated areas and exist as a space for consumers to connect directly with the company (Ha, 2017). In addition to this, Ford has also created the application "FordPass" to allow consumers to connect with Ford professionals virtually in the case of any auto issue they face. The program also acts as a rewards system, giving points to customers for various actions they complete (Bunkley, 2016).



Figure 8: Image of a FordHub, located in New York City (Bunkley, 2016)

When customers shop for cars, the majority go into a dealership having done a multitude of research. In fact, studies show that 59% of the purchasing/researching process is completed online. Car buying is a long process and consumers take their time to research multiple car models and companies before walking into a dealership. Even when consumers do walk into a dealership, 6 out of 10 are still considering other car models (V12Data, 2016).

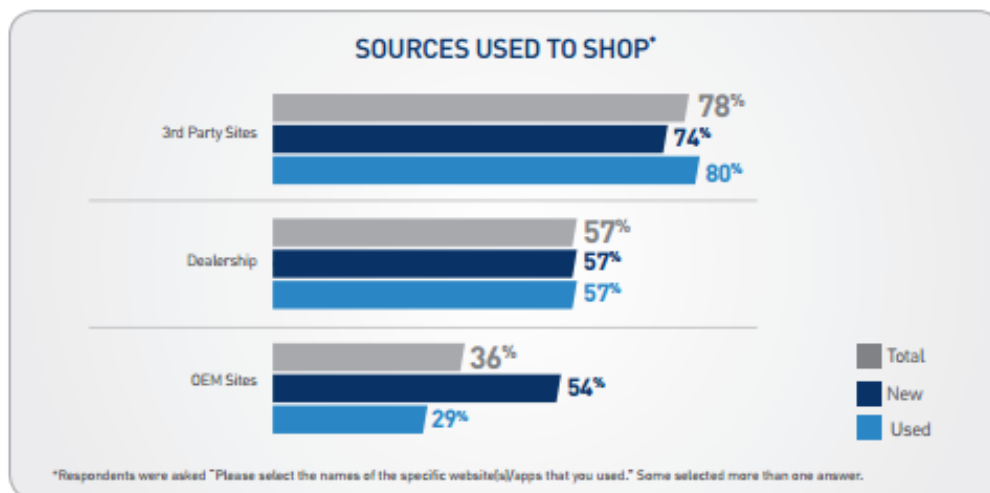


Figure 9: The image above shows sources used when shopping for a car (Autotrader, 2016)

The product is certainly high involvement. The average car purchase for baby boomers takes 15.7 weeks while millennials take 16.9 weeks to make a buying decision. A car is also more than just a simple purchase, but takes many steps to ensure the finalization of the purchase. This includes a lot of paperwork and meetings with the financial department within car dealerships (V12Data, 2016).

Between brands, there is not much of a difference in purchase decisions. Because car companies are so highly competitive, there is a high elasticity in demand and therefore a larger range for substitute goods. Many consumers consider multiple car brands before purchasing a vehicle as well.

Demographic Environment

Currently in the United States, the largest age group is 35-54 years old, which makes up about 26% of the entire population, or around 84 million people (The Henry J. Kaiser Family Foundation, 2017). However, the second largest age group of citizens (or potential buyers) is 0-18 years old, and Ford has been well aware of this. Articles from 2015 and 2017 from Ford Motor Company's own Ford Media Center refer to the consumer behaviors of Generation Z and millennials, the youngest generations of consumers today (Ford Media Center, 2014, 2017). According to a report from the CDC from 2017, older millennial women currently have the highest birth rate in their current age group since 1964 (CDC, 2017). Also, a Zillow report from 2017 indicated that a whopping 50% of millennial homeowners lived in suburban areas in the nation (Zillow, 2017).

Population Distribution by Age, 2016							
Location	Children 0-18	Adults 19-25	Adults 26-34	Adults 35-54	Adults 55-64	65 +	Total
United States	0.24	0.09	0.12	0.26	0.13	0.15	1

Figure 10: Distribution of age groups in the United States (The Henry J. Kaiser Family Foundation, 2016).

These trends are an opportunity for Ford to push SUV sales, for those in the youngest generations of America will need to accommodate for suburban living. Ford has already witnessed the evidence of this shift in the market, as total industry sales of small, midsize, and large SUVs grew 4, 9, and 11 percent, respectively, in the first half of 2017 (Ford Media Center, 2017). However, according to a survey done in 2011, millennials are also the most environmentally conscious generation, who attribute causes of climate change to human activity and often prefer riding bikes over cars to avoid pollution (Pew Research Center, 2011). Ford will have to pursue green energy and sustainable technologies in order to meet the demands of millennials, instead of simply encouraging them to buy the current models of vehicles.

As for growing ethnic markets, Asian Americans are currently the fastest growing ethnic subculture in the United States, and about 70% of them are immigrants (Woodyard, 2014). Studies have shown that Asian Americans' favorite brand of cars is Honda, and that they value navigation, technological innovations, and the customer reviews the most when it comes to buying a car; they are also known to prefer family-oriented cars (Woodyard, 2014). Although Honda being Asian Americans' favorite car brand can obviously be a threat to Ford, the fact that they prefer family-oriented cars could be used as an advantage, for the Ford Motor Company has a strong line of differently sized and differently equipped SUVs for families of all sizes. However, to Asian Americans who read customer reviews before going car shopping, Ford may not seem attractive due to its disappointing performance in 2017 with low sales and high cost (Isidore, 2018).

To combat these potential threats, Ford has been working diligently to make drastic changes in their operation and product mix. Following a disappointing year that was 2017, Ford replaced its CEO Mark Fields with Jim Hackett, who was formerly overseeing the autonomous driving car industry, and announced that they will invest \$11 billion in developing 40 new electrified vehicles to renovate their product mix with by 2022 (Associated Press, 2018). This

bold move by the company can be seen as an attempt to appeal to the younger generation of buyers who are more environmentally self-aware than every generation that preceded it. Ford also announced that they will incorporate Amazon's AI personal assistant Alexa and Google's navigation service Waze into its SYNC in-car infotainment system (Kane, 2018). This development will assist with appealing to the growing market of Asian American buyers who prioritize technological advancements regarding services such as navigation and artificial intelligence.



Figure 11: The picture above shows what the infotainment system looks like inside the vehicle (Ford, n.d.)

Beyond cars, Ford is investing in startups that aim to improve transportation in cities in general. With connectivity as its focus, Ford Mobility has promised 100% connectivity of new vehicles in the United States by 2019 (Upton, n.d.). Another example of their efforts is Chariot, Ford's ridesharing service for businesses that is branching out into prominent American cities one by one (Upton, n.d.). These developments represent the transition of Ford's thinking from traditional to progressive, which could be interpreted as a move to appeal to the younger generations, but the finished results will benefit not only the younger generations but everyone who drives a car on the street.

Ford incorporates geographic, demographic, and behavioral segmentation into their marketing. Ford launched the EcoSport model in China only at first, and then later branched out to Europe and the United States (Upton, n.d.). This can be seen as geographic segmentation as China had recently revised their environmental protection law for the first time since 1989 (Valli, 2014). Articles from Ford Media Center indicate that Ford is aware of demographic trends also, which falls into demographic segmentation (Ford Media Center, 2014, 2017). As for behavioral segmentation, Ford has been capitalizing on fuel efficiency, with its tagline, “Go Further”, and its line of products advertised as fuel efficient (Ford Motor Company, n.d.).

Economic Environment

When consumers have less disposable income, the demand for expensive purchases naturally goes down. The well-being of a business relies heavily on the well-being of the target market’s economy, and Ford Motor Company is in luck. The American gross domestic product per capita has shown a steady seven-year hike from \$47,001.56 in 2009, to \$57,638.16 in 2016 (The World Bank, n.d.). This trend was also noticeable in the revenue history of Ford, as they hit their lowest point in revenue in 2009 at \$109 billion, and their highest point in 2016 at \$156 billion (Macrotrends, n.d.).

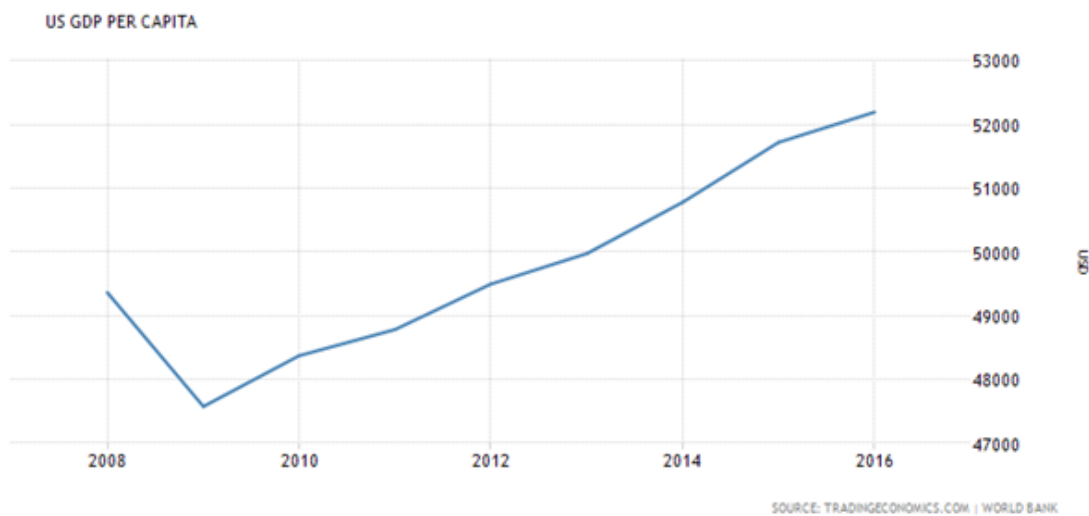


Figure 12: The graph above shows the changes in the U.S. GDP between 2008 and 2016. (tradingeconomics.com)

Another economic factor to consider is the unemployment rate. A high unemployment rate is seen as a red flag for the economy, which could then deter potential customers from buying. Once again, Ford is in luck, since the unemployment rate in the United States has been in a steady decline. The unemployment rate saw its recent highest point in October 2009 at 10%, but by the end of 2017, it was at 4.1% (Bureau of Labor Statistics, n.d.). This trend also mirrors the change in GDP and Ford's sales in the same timeframe, which means that Ford can predict its sales to increase as the economy improves. This can be advantageous for Ford when it comes to pricing or introducing new products, for it can base its decisions on the current state of the economy.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	4.6	4.5	4.4	4.5	4.4	4.6	4.7	4.6	4.7	4.7	4.7	5.0
2008	5.0	4.9	5.1	5.0	5.4	5.6	5.8	6.1	6.1	6.5	6.8	7.3
2009	7.8	8.3	8.7	9.0	9.4	9.5	9.5	9.6	9.8	10.0	9.9	9.9
2010	9.8	9.8	9.9	9.9	9.6	9.4	9.4	9.5	9.5	9.4	9.8	9.3
2011	9.1	9.0	9.0	9.1	9.0	9.1	9.0	9.0	9.0	8.8	8.6	8.5
2012	8.3	8.3	8.2	8.2	8.2	8.2	8.2	8.1	7.8	7.8	7.7	7.9
2013	8.0	7.7	7.5	7.6	7.5	7.5	7.3	7.2	7.2	7.2	6.9	6.7
2014	6.6	6.7	6.7	6.3	6.3	6.1	6.2	6.2	5.9	5.7	5.8	5.6
2015	5.7	5.5	5.5	5.4	5.5	5.3	5.2	5.1	5.0	5.0	5.0	5.0
2016	4.9	4.9	5.0	5.0	4.7	4.9	4.9	4.9	5.0	4.9	4.6	4.7
2017	4.8	4.7	4.5	4.4	4.3	4.3	4.3	4.4	4.2	4.1	4.1	4.1

Figure 13: The chart above breaks down the United States unemployment rate by months between 2007 and 2017 (Bureau of Labor Statistics of the Department of Labor, 2017).

However, although the unemployment rate has been in a decline, according to NPR, the American middle class has been shrinking every decade since the 1970s, with 2015 being the first year on record where the middle class did not make up the majority (NPR, 2016). This means that the poor and the wealthy combined make up half of the population, which can be a threat to the brand. Ford Motor Company's vehicles are not the cheapest in the market, but are also not the most expensive, which means Ford's target group is the middle class (Cars.com, 2018). The shrinkage of the middle class is synonymous to the shrinkage of Ford's customer base, which is something Ford must be mindful of when pricing their new products.

Ford's stocks have not been performing as well as hoped, which could be an effect caused by the shrinkage of the middle class. As mentioned above, 2017 was not a favorable year for Ford; their earnings fell short of Wall Street expectations (Duggan, 2018). Auto investors are having a difficult time in general with their investments as there are major uncertainties about a cyclical downturn in the auto market, the transition to autonomous and electric vehicles, and Tesla, a new group of potential market disruptors who specialize in futuristic, modern, and environmentally friendly vehicles (Duggan, 2018). However, with the inception of Jim Hackett as the CEO, who is an expert on the autonomous driving car technology, and with the announcement of the new product mix that will feature full electric capabilities, Ford is positioning itself well to combat the growing trends in demographics, which will then be used to combat the dilemma regarding sales.

Ford has been tackling the issue regarding low sales by looking ahead long-term instead of applying short-term remedies. As mentioned above, Ford has promised to reinvent their product mix entirely by 2022, with an arsenal of futuristic and eco-friendly electric vehicles. This is likely a trend that will be followed by competitors, but the announcement of their verbal commitment to its customer base and investors was a bold and pioneering move that will hopefully result in increased sales in the coming years. They are also expanding their company by investing in projects that focus on improving transportation safer in general, instead of focusing solely on their products, which could prove to be helpful for improving Ford's brand image. With economic constraints such as the shrinkage of the middle class and new, strong competitors, Ford Motor Company must price its products to be accessible, yet competitive. In the next four years, to keep its promise and to keep the customers satisfied, Ford will have to carefully introduce each new model one by one and ease into the historic transition.

Natural Environment

In 2012, a shortage of nylon 12 materials awakened auto manufacturer's eyes to the importance and potential scarcity of raw materials. Storing large amounts of raw materials can be costly, so it's important for companies to have back up plans in place in case such a shortage were to occur again (Sedgwick, 2012).

Besides raw materials, a topic that has taken the automotive world by storm is sustainable practices. Ford's new sustainable practices have not only reduced the manufacturer's impact on the environment, but on costs in general. For example, in 2014 Ford replaced all lighting in manufacturing facilities with LED lighting, cutting costs down by \$7 million per year. All of this is a part of Ford's push to be more sustainable, with the idea for reducing its energy usage originating in 2011 (Kennett, 2014).

"Water stewardship is absolutely a big focus for us now," said VP of Sustainability of Europe, Middle East and Africa for Ford Bob Holycross in an interview with Sustainable Brands. "When you look around the broader areas of sustainability, water usage is definitely becoming a new focus, not just for us in the manufacturing industry, but also across the globe." Today, Ford is focusing on reducing the amount of water used during production with a 61% reduction in the amount of water used along with a movement to use zero drinking water in manufacturing (Sustainable Brands, 2017).

In addition to this, the new CEO of Ford Motors plans to cut costs by \$14 billion by refocusing the brand's strategies. Ford recognizes that its trucks and electric cars are some of its biggest selling points, so \$7 billion will be shifted from car manufacturing to Ford's top-selling vehicles. Ford will also reduce costs by \$10 million by simplifying designs as well as raw materials (Durbin, 2017).

Technological Environment

The automobile industry is extremely competitive, and as technology continues to change and improve, automobile companies will need to keep up. Augmented reality, for example, is changing the way manufacturers are designing cars, allowing them to visualize different parts and features within cars, resulting in faster, more accurate, and more precise car development. In addition to this, predictive analytic tools are also used to help car owners determine when an automobile part is near failure.

Of course, the biggest change and trend in the automobile industry is driverless cars. Such technology features self-parking as well as automated cruise controls. Currently, Uber and Google dominate this market with Tesla close behind in creating driverless cars (Alam, 2016). Ford has recently begun its work in the autonomous vehicle field. Though not as technologically advanced like its competitor, Tesla, Ford expects to have nearly autonomous vehicles produced by the year 2021. In terms of the SAE International, or Society of Automotive Engineers International, six tiered autonomous vehicle rating which determines on what scale a vehicle would be able to run autonomously with 0 being completely man operated and 5 being completely machine operated (i.e. no gas pedal, brake pedal, parking brake, or any feature that requires the individual to intervene in the overall function of the car), Ford wants to produce a vehicle that is a 4. This goal is incredibly ambitious and is higher rated than any other car company to date including Tesla who does not have plans to reach this sector of autonomous driving until 2025. That said, Ford, being incredibly innovative and advanced for their field, is still behind the more advanced companies in terms of technology such as Tesla who just sent a car to into orbit.



Figure 14: The image above shows a fully autonomous Ford Fusion Hybrid (Ford Motor Company, 2017)

Political/Legal Environment

Regulations and safety laws follow the trend of what consumers demand, especially when it comes to major purchases like their vehicles. In the last 5 years many new laws have been instituted in order to provide consumers with greater sense of comfort. For example, as of July 1st, the new legal blood-alcohol content for driving will be lowered to 0.04% as opposed to the 0.08% that it is currently.

The new limit serves as an attempt to take preventative actions against drunk driving. It will also increase the severity of the punishment for driving while under the influence. In addition to that, with the legalization of marijuana in various states, the DMV, or Department of Motor Vehicles, is currently working on laws that prohibit the use of cannabis while the vehicle is in use. This includes both the driver and any passengers in the car as a way to prevent any second hand high that may distract the driver or reduce their reaction time in the event of an accident. Among other new laws includes using headlights anytime the the driver needs their windshield wipers. For example, if it is raining or snowing and the driver's vision is impaired then, as a way to alert other drivers of their presence, the drivers must turn on their headlights.

Perhaps the more critical end of the legal spectrum relies on the regulatory side in terms of the government's intervention on an otherwise state decisive topic. For example, a new Road Maintenance and Rehab program has been set in motion in which the DMV will be collecting a Transportation Improvement Fee that will be valued based on the value of the vehicle you drive. This could prove to be a problem for not only Ford, but for any company currently putting a new car on the market because the value of the new car is so high, therefore the Transportation Improvement Fee would be the maximum point. Even with this new fee, however, the fee would not exceed \$175 so the damage really is not that bad.

In addition to the government regulated fee, under the Obama administration, efforts to push for the most ecologically friendly vehicles possible came to a halt when Donald Trump took office. Obama had put into motion a set of rules pushing cars to produce less pollution as an effort to prevent global warming. This regulation would have forced cars to drive at 54 miles to the gallon as opposed to the standard 36 miles per gallon that we get now by the year 2025. It also would have forced car companies to produce cars with less harmful tailpipe exhaust

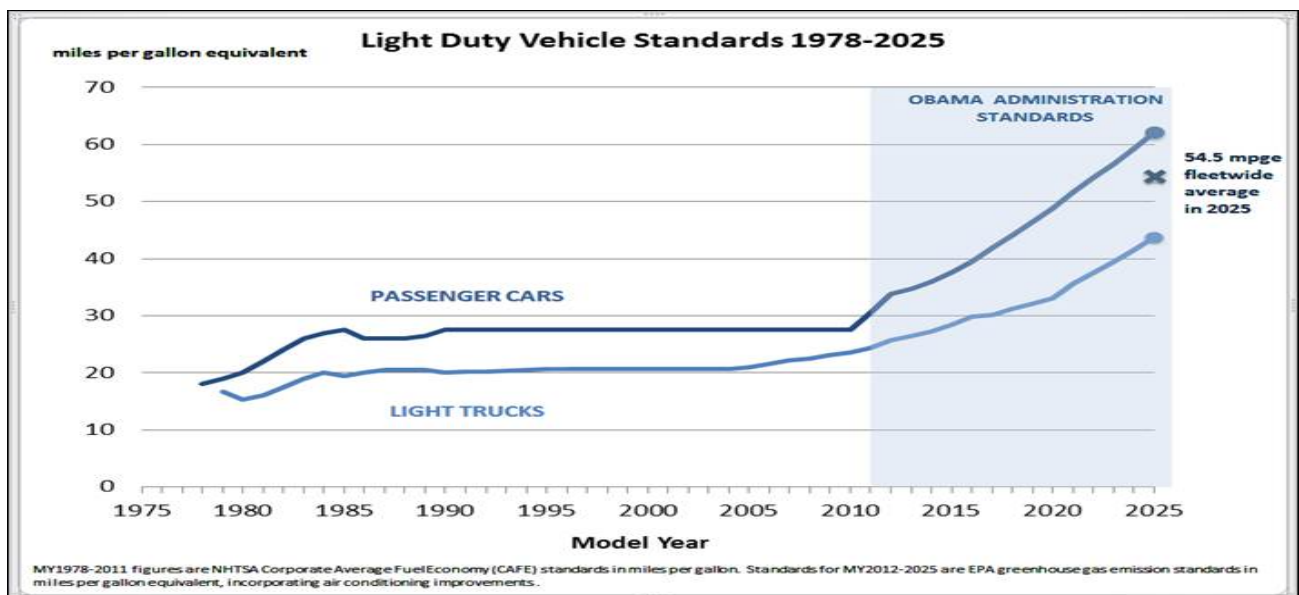


Figure 15: Graph demonstrating increase in MPG over time (obamawhitehouse.gov, 2012)

That said, only 3.5% of cars currently on the market would be able to pass the tailpipe tests because only a select group of companies have the technology necessary to produce the low waste exhaust. This was all set to be in place by the Obama administration by the year 2025 until Trump came into office and put all of that work on hold because he felt the goals were unattainable with modern technology and even if the companies were prepared for a change that drastic, it would be too expensive for even the heavy-hitters of the car industry to survive with estimated costs exceeding \$200 million. With the prevention of Obama's anti-global warming project, Trump is faced with a lot of pressure to have a new plan for helping the environment and the E.P.A. (Environmental Protection Agency) is eagerly waiting for a new proposal. The American vehicle market should expect some new regulations from the Trump Administration's E.P.A. Transportation Division within the next year to accommodate for his decision.

Ford should keep an eye out for the Environmental Protection Agency because now that Trump has put a stop to the major project that they were supposed to be working on for the next 7 years, Ford should expect them to take on a new project in the Transportation Division that holds a significant amount of weight and will likely shake up the market for producers of cars in the U.S. Also, the NHTSA, or National Highway Traffic Safety Administration, has issued several statements about various Ford Escape models using bolts in the engine that have a tendency to break causing a wide variety of issues for the car in general. However, This issue has not recurred in any model within the last 3 years.

The company has had to deal with the repercussions of purchasing substandard equipment and supplies such as the bolts that have caused Ford to recall several of their older cars, including Escape models from 2015. In terms of product safety, it has a five star safety rating and is widely awarded for its features that keep passengers safe. Included in these features are; Four-Wheeled Disc Brake Assist, Electronic Stability Control, Daytime Running Lights, Traction Control, etc. Since the major recall of various Ford Models in 2015, Ford has

gone to great lengths in order to regain the trust of its consumers in the safety of their product. The Ford Escape is marketed as one of the safest cars currently on the market.

Ford markets itself not only as one of the safest cars on the market, but as one of the sportiest cars on the market as well. It is appealing to millennials who tend to be searching for the next big thing when it comes to fitness. The current marketing campaign focuses on the athletic aspect of the vehicle rather than the suburban use of it. The fact that the Ford Escape is a crossover makes it a fairly versatile car. In January of 2017, Ford produced the first 2 commercials that truly expressed the fact that it is an SUV but has an urban feel to it as well. For example, both of the new commercials show the Ford Escape with an adult, professional looking female who is driving either her children or mother around town or going on some sort of extranormal adventure like to a hiking trail or out off-roading in the desert.

Ford was never desperate for funds like its major American competitors GM and Chrysler. During the recession in the early 2000s, many of the major car producers hit a lull in terms of sales and as the recession dragged on, many car companies were forced to file for bankruptcy. Ford managed to keep its head above water during the recession by taking out loans through its suppliers and cutting costs wherever possible. Ford's competitors, however, were not so lucky. The only reason Ford got lumped into the Auto Industry Bailout to begin with was so that it could compete with the other subsidized companies. Ultimately, Ford was sitting in the same boat as Toyota and Honda in the sense that it only really needed to stay competitive enough to survive the recession and then business would return to normal and probably would even see an increase in demand due to the loss of competitors. (Amadeo, 2017)

That said, during the recession and the period of time that immediately followed, Ford promised several government entities and other private lenders that they would invest more of their resources into crossover vehicles and ecologically friendly vehicles such as an electric car. They are on track to have their debts paid off within the next 3 years which is above par considering the competitors are either 5 more years out. (Amadeo, 2017)

Social/Cultural Environment

The current market that the Ford Escape is being targeted towards is millennials who are currently in the phase where they may be looking to buy their first new car. Millennials are the generation that enjoy the concept of multifunctional, and crossover vehicles accomplish just that. They are the generation that seeks out the new cultural trend which happens to be very active and outdoorsy. The Ford Escape is a multifunctional, premier, sports utility vehicle/sedan crossover that meets the demands of the consumer. It has been years since the company has seen any major defect in any of their products and even then, Ford has always been very quick to recall any faulty product because they would rather correct their mistake and maintain their reputation as one of the safest car manufacturers in the country than to cover up their blunders. Each of these plays heavily into their current marketing strategy of showing how diverse the car is, combined with the safety features and the multifunctional aspects as well.

Ford may be biting off more than they can chew in the sense that their scope is too broad. It is understandable that they have a lot of interesting features, but not all of them are incredibly relevant when it comes to their short term aspects. They have done an excellent job at taking something that is socially relevant, like family and nature and athleticism both in the car and in the individuals behind the wheel, and applying that to their product. However, they do not seem to have a grip of the fact that it is a very diverse vehicle and can better display that than in the advertisements they have released so far. They need to focus on the things that the company is notorious for, being the safest, American-made, multifunctional, diverse crossover vehicles on the market.

Recommendations

As far as their marketing segments go, Ford needs to begin advertising their products in a fashion that will grab the attention of the younger consumer bases. The reason that Ford is so appealing to a younger generation is because they are so affordable, and therefore they should use this market segment to increase their sales, primarily focusing on young families.

Ford is relatively innovative in terms of their distribution strategy and it is likely that they have the most diverse while also convenient strategy for consumers. For example, they advertise through FordHubs, or pop-up advertising stands that educate consumers or potential consumers on the history and value of their company. Although these Hubs are unique, their purpose is not to sell Ford vehicles, but rather to highlight Ford innovations. Ford should instead capitalize on the FordHubs, making them a place visitors can learn about Ford technologies as well as Ford vehicles.

In addition to that, Ford has become the first company to offer a nearly completely digital purchasing process in which British consumers have the opportunity to select the car they want to drive and it will be shipped to the local dealer for the consumer to pick up. The payment process is completely online and has a set of return policies in place so the buyer has the opportunity to back out of the purchase should they change their mind after test driving it. They are the first company in the world to offer a completely digital distribution strategy.

What Products are Available?

Ford, being the relatively inexpensive option, tends to have a greater variety in what kinds of products it will produce. For example, it is not a part of the luxury car industry so it is not surprising that they offer a cheaper option with fewer features that focus more on the functionality of the product rather than the more advanced, pricey brands. To put this into perspective, you would not see luxury car companies like Maserati producing a pickup truck

similar to the Ford F150. To that same extent, it is unlikely that Ford will ever produce a car that is priced similarly to that of a Maserati because they have not built their brand around luxury.

Because Ford has the ability to be more diverse, they are able to offer a greater variety across the company's marketing mix. In terms of Ford's width, Ford offers four major product lines with sub categories. Those major categories include: cars, crossovers/SUVs, Trucks/Vans and Lincolns. These major categories divide even further into subcategories which contain between 5 and 12 different vehicles. These individual cars have multiple different models with a new make being released annually with varying sizes, colors and minute differences in shape.

Ford offers 6 different vehicles under their cars, 7 under the crossovers/SUVs (including the Ford Escape), 5 under the Trucks/Vans and 12 under the Lincolns (Ford Website writers, 2018). Lincoln is a company owned by Ford so, while Lincoln has a their own site to conduct sales, they are also attached to Ford's product mix and are featured on Ford's sales sight. Ford's consistency is very miniscule in the grand scheme of things. Compared to companies such as Mercedes or Maserati which almost exclusively produce luxury cars, Ford offers a variety of different product lines which have a variety of brands and have even more versions of these brands. These factors combined make the company relatively inconsistent.

As formerly mentioned, Ford offers a very wide variety of models, makes, colors and functions for consumers to pick and choose between. If you look exclusively at their SUV/Crossover options, there are six different options which include the Ecosport, Escape, Edge, Explorer, Expedition, Transit Connect and Flex(Ford Website writers, 2018). These different options have a lot of similarities including the 4-wheel drive option, extra storage and fuel efficiency.

For example, the Ford Escape, which is classified as a crossover model, is customizable (similar to many of Ford's other products). There are four different sizes to pick from which include the S, SE, SEL, and Titanium models. Once the model is selected, there are approximately 10 different colors to choose from for the exterior and two colors for the interior.

Once the design is selected, there is a plethora of options and upgrades the buyer can add to their vehicle to diversify even further. That said, for this one individual product there are dozens of different combinations to choose from and that becomes a major selling point. The option to customize your vehicle and give the consumer options is not necessarily something that other companies would be able to offer.

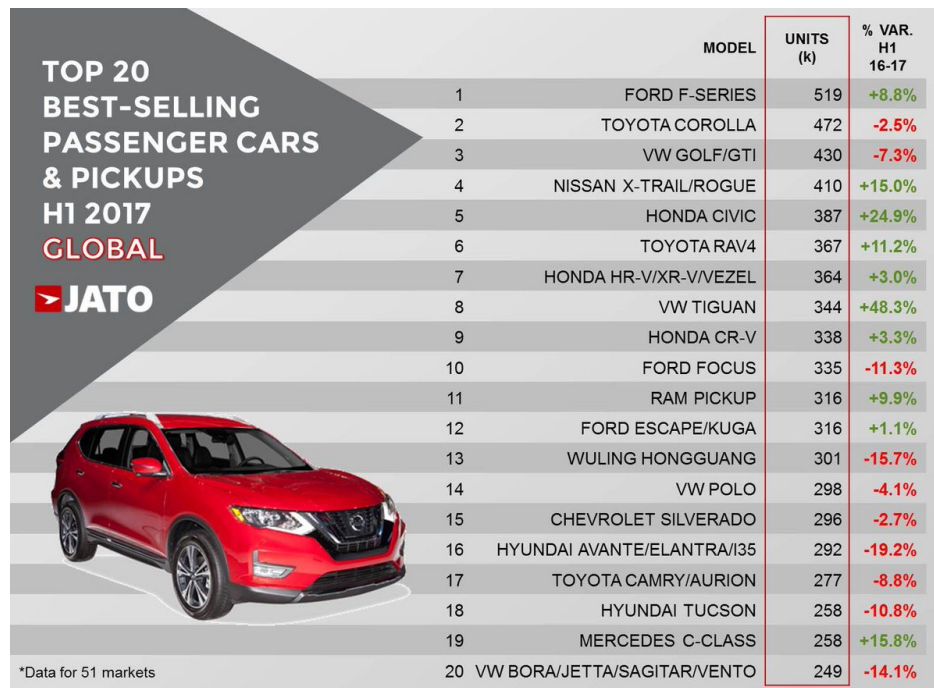


Figure 16: Image displays units sold for top selling cars of 2017 (JATO, 2018)

Ford's diversity offers multiple opportunities for the company to explore in terms of the markets within the automotive industry they get to compete in. For example, Ford's F-Series of pickup truck was the best selling vehicle in 2017 in not only the United States but worldwide. The F-Series sold more than 519,000 models within a 6 month sale period which was more than 100,000 models more than the next ranked vehicle. The F-Series pickup line would classify as either a star or a question mark for the company because it is a rapidly growing market but Ford has not invested as much of its resources towards marketing the vehicle (Jato Dynamics, 2017).

The Ford Escape also landed really well in terms of the world car sales. For Ford it was the third best selling vehicle raking in more than 316,000 models sold. The Escape, being a

crossover vehicle, also lands as a cross between the star and the question mark, but for the opposite reasons. Ford has invested more resources into marketing for the Escape than most of its other products but has yielded less and less growth as the new models have been produced (Jato Dynamics, 2017).

The Ford Expedition, however, has yielded incredibly low growth and sales continue to be negative for the the first part of each year with slow, steady growth until the summer in which sales plummet again not to rise back until November. Annually, the Expedition does not do very well in comparison to the other vehicles in Ford's repertoire. The Expedition would likely classify as a dog because even Ford has not put very much effort into marketing this vehicle anymore (Cain, 2017).

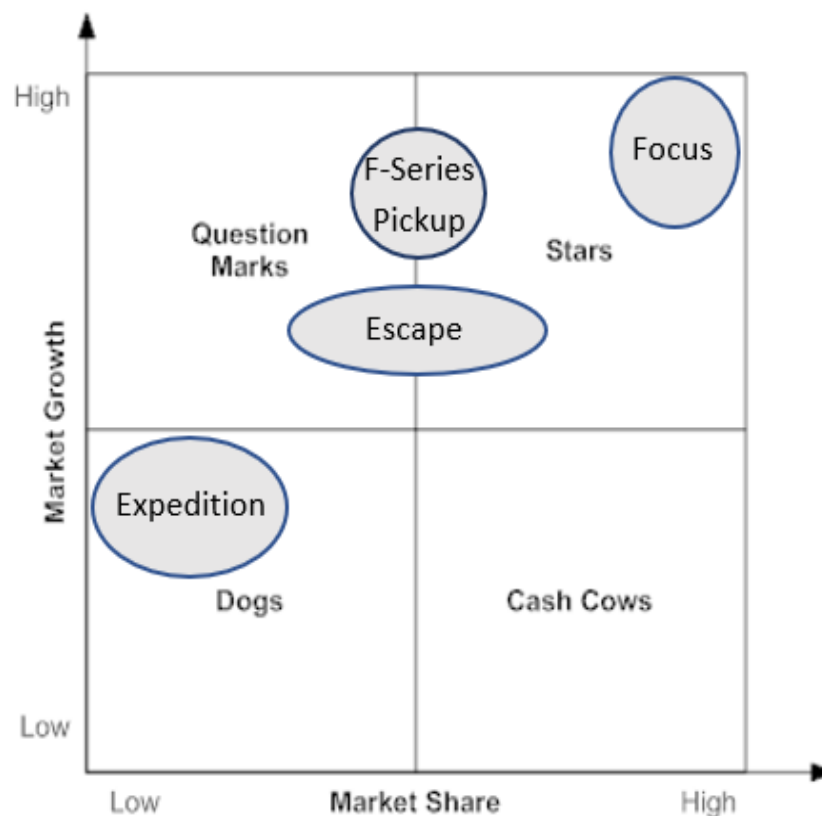


Figure 17: Boston Consulting Matrix of Ford Motor Company

The Ford Focus lands in the prime position, it holds both a high market share and has a lot of market growth potential as well. Ford has put quite a significant amount of money into marketing the Focus worldwide and it has been wildly successful especially in the United Kingdom where sales for the Focus are up by almost 40%. This would rank the Focus as Ford's star in terms of the Boston Consulting Matrix (Statista, 2017).

It is likely a safe bet for Ford to drop the Expedition brand because the model has had very little grown and has yielded a loss for the company every year for the last several years. That said, many of the SUVs that Ford produces do not do as well as the rest of their products because the crossovers serve as a much better substitute. For example, the Expedition lost out on a lot of sales because of products like the Escape which had almost all of the same capabilities but hosted a better gas mileage and was more compact. For consumers, the decision is basically already made for them. It has become incredibly difficult for models that are not fuel efficient to stay relevant in the automotive industry which is reflected by the sales from the Expedition.

Diagnostic Product Profile

According to customers, the value propositions for the Ford Escape mostly surround the vehicle's attractive design and technological features (Krome, 2018). The interior is the biggest selling point with roomy cargo space, a modern design, and up-to-date technological functions. The Escape has 34 cubic feet of cargo space available behind the rear seats, and features like parking assistance, adaptive cruise control, and reverse parking sensors are included in higher trim options (Krome, 2018). In addition, many review the vehicle as "fun to drive," as its easy handling was built for those living an active lifestyle, and the vehicle's solid, yet compact build also reflects this (Trotter, 2018).



Figure 18: The image above shows the roomy interior of the Ford Escape, highlighting the vehicle's modern and durable design (Krome, 2018).

In terms of the the industry life cycle, automobiles have remained in the mature stage for the past 50 years. At this point in time, very few competitors are entering the market, and the industry is now considered an oligopoly. This means that only a few major car manufacturers are competing against each other in the market today and have beaten out other competitors, resulting in bankruptcy and the merging of companies such as Fiat and Chrysler. With such fierce competition in the automotive industry, companies need to be constantly innovating and incorporating the latest technologies to keep up with competitors (Fujimoto, 2013).

Similarly, in the brand life cycle, Ford Motor Company is also in the maturity stage. Having been involved in the automotive industry for 114 years, Ford has established itself as an “American” brand and has produced durable and reliable cars for decades. The brand also has a loyal consumer base, especially when it comes to their truck lines. Currently, the market is shifting away from small cars and towards SUVs and trucks; this provides a great advantage to the automotive company, as it is an area where Ford specializes (Seeking Alpha 2017).

Ford's signature SUVs, like the Explorer, have reached the maturity stage of the product life cycle. Once products reach the maturity stage, this is the peak of their life cycle. Products

here begin to compete with similar companies and need to constantly be improving in order to stay on top. Because such products like SUVs are no longer “new” and must compete against other manufacturers’ products, this lead to the introduction of “crossover” vehicles, like the Ford Escape. Although technically SUVs, “crossover” cars have improved fuel economy and handling that makes them attractive to consumers. These specific models are therefore categorized in the growth stage of the product life cycle, as they are continuing to gain popularity and slowly replace traditional SUVs. (Ferrell, Pride, 2014)p. 374

The Ford Escape is a well-rated crossover car in a thriving market. It appeals to many young, active consumers who are looking for a well-built vehicle to match their busy lives, but it still falls short of the Toyota RAV4 and Honda CR-V when it comes to safety features and fuel economy. It is also important to note that the Ford Escape’s MSRP is \$24,000 and although this price is \$500 less than the competing Toyota RAV4, this base model is very standard and doesn’t come with the same features as the RAV4 or CR-V. By the time consumers add on safety and technological features to match competing crossover cars, the price of the vehicle ends up costing more than its competitors (Trotter, 2018). To increase sales and market their product better, Ford should capitalize on the popular crossover series, specifically paying attention to pricing offered by competitors. The Escape’s \$24,000 is a deceptive price, as it does not offer the same features as the RAV4. In order to get a vehicle similar to the RAV4, the best-selling SUV of 2017, a consumer would have to opt for a higher trim which would end up costing more than the competition (Thompson, 2018). To sell a higher number of vehicles, we suggest that the Ford Escape include similar features as its competition in its base model and price competitively. By lowering its base model MSRP and pricing a trim upgrade similar to the RAV4 at about \$25,000, Ford will be able to sell a larger number of vehicles at a price similar to its competitors.

In the past, Ford has capitalized on its adventurous brand, partnering with companies such as Eddie Bauer to create customized vehicles fit for outdoorsy consumers (Stein, 2003). In

2013, Ford took a new approach to the auto industry and recreated their brand by introducing their “Go Further” campaign. Through this strategy, Ford reimagined the capabilities of their vehicles, striving for better fuel economy to match the top cars on the market, and introducing the “Eco Booster” -- a new engine that combines power and fuel economy performance (Roth, 2013). This business strategy allowed Ford to step into a new, sustainable, and growing market while still retaining the adventurous spirit of the brand.

Today, Ford continues to develop more sustainable cars, and the Ford Escape has been a positive addition to the Ford Motor Company brand. Ford is well-known for its family-sized SUVs and top-performing pickup trucks, but crossover cars with better fuel economy and more advanced technology are beginning to take over the market. As a response to this growing demand, the Ford Escape speaks to consumers who are looking for a sporty car with Ford’s signature durability.

With a loyalty percent of 63.3%, Ford’s customers continue to return to the company for automobile purchases (Gazdik, 2017). However, now that millennials are taking over the market, Ford will need to market cars for their needs as they will be first-time buyers. This young generation is frugal and fun, and we suggest Ford extends their brand to include more affordable, stylish, and fuel efficient cars to attract these consumers for years to come.

Of the competing crossover SUVs, the Ford Escape has the best-rated design by sources such as U.S. World and News Report and Carfax.com. The exterior and interior of the car have modern designs that are both attractive and functional. When compared to the Toyota RAV4, the Ford Escape has more comfortable seats that are offered in leather rather than just a leather substitute. The car also offers advanced technological systems that connect to the FordPass app, a phone application that allows consumers to track their vehicle and start it remotely (Loveday, 2017).

On the exterior, the Ford Escape also has the superior design with sleek headlights, a traditional “grille” design, and “sharp rear details” (Krome, 2018). Additional details can also be added in upper trim options, like a panoramic roof and a larger variety of headlight options.

Design wise, one feature that could be improved is the cargo space. The Ford Escape only has 68 cubic feet of cargo space with the back seats down, the RAV4 has 74 cubic feet, and the Honda CR-V has 76 cubic feet (Trotter, 2018). As the Ford Escape is marketed as a vehicle for Active, outdoorsy people, cargo space could be a major factor for consumers who enjoy traveling and taking the car out on outdoor adventures such as camping, hiking, or fishing.



Figure 19: The image above provides a look into the Ford Escape cargo space (Krome, 2018).

The Ford Escape has a very fun and adventurous personality. Ford has been marketing its Escape toward younger consumers (millennials) primarily and has reached out to this consumer base by using popular trends to help market the product. For example, Ford recently created an “Escape the Room” game, incorporating technology and social media to help contestants solve a puzzle (Coen, 2016). Ford also created a television show, *Escape Routes*, which featured contestants competing in challenges while utilizing the Ford Escape. On this

show, contestants were well-versed in the functions of the Escape and consistently asked to use key selling points within the vehicle complete tasks (Buss, 2014).

Both interactive advertising tactics have been aimed at getting young consumers physically involved with this adept vehicle. The interactions of consumers with the car are meant to reflect the brand: a durable, adaptable vehicle that fits well with the fast-paced lifestyle of millennials. This Ford Escape is meant to have fun and be taken on adventures.

New Product Development

In 2018 alone, Ford released 23 new models of their already popular cars. Prices for these vehicles range from low \$20,000s to mid \$50,000s and range anywhere from crossovers to sports style vehicles and trucks. One of Ford's best-selling cars so far this year is the 2018 Ford Escape, receiving a rating of 8.4 stars out of 10 by U.S. News. This particular vehicle costs \$23,940 and features 5 seats with "above-average cargo space" (Trotter, 2018). This new and improved version of the Ford Escape is said to have significantly improved fuel economy, as well as sporty handling and premium interior. It features a new high tech audio system and is said to have premium interior by any reviewers. The vehicle also includes a panoramic sunroof, climate control and a SYNC 3 infotainment center that can connect to Apple CarPlay and Android Audio (Trotter, 2018).



Figure 20: Image of 2018 Ford Escape (U.S. News, 2018)

Another one of Ford's most popular models for the new year is the 2018 Ford Mustang. This version received 8.9 stars out of 10 by U.S. News critics and is currently selling for \$25,585 on the market. This version of the Ford Mustang has been altered to have both higher tech looks and features than ever before. Its V6 engine was removed and replaced with a 2.3 liter turbocharged four-cylinder engine. It also now possesses a 10-speed automatic transmission, making it significantly faster than the versions on the market of previous years. Some of its new features include a 12-inch customizable flat-panel display on the inside as well as a V8-powered exhaust note for sports savvy drivers.



Figure 21: Image of 2018 Ford Mustang (U.S. News, 2018)

The third best-selling Ford vehicle as of thus far into the new year is the 2018 Ford EcoSport. This version has not yet been rated by U.S. News, but was highly recommended by many other car critics. It is currently on the market for \$19,995 and is one of the most popular subcompact SUVs for the time being. It is currently being sold with an option of two different engines and is being marketed towards young buyers. This vehicle also contains a SYNC 3 infotainment system that supports Apple CarPlay and Android Auto. The most popular feature of this vehicle is its possession of multiple storage niches and grandiose amount of cargo and cabin space.



Figure 22: 2018 Ford Ecosport (U.S. News, 2018)

Due to the type of marketing that Ford has utilized, their 2018 line has done relatively well. Ford is attempting to market to a younger consumer base, and has created advertisements to do so. One of the most popular being one that was presented through Snapchat, an increasingly popular application for smartphones that allows people to send pictures back and forth. Because this application is most popular among younger generations, Ford was able to reach their target market and spread the word of their new products. By using social media as a marketing technique, Ford can expand their target market to other countries as well. Social media is one of the few forums that can connect anyone in the world, so by using internet platforms to promote their products, they can not only increase their sales in the U.S., but also around the world.

Although Ford has released new models and was able to reach a new target market through social media, they still have room to improve their products and sales margin. A complaint by many consumers is that although Ford has produced new models, the new models are basically the same as the last ones, with the exception of the performance vehicles. The Ford C-Max, Fiesta, Taurus, Focus and Fusion have relatively no difference in their features and build between the 2017 and 2018 models. Ford could have been more successful with their new line by adding new features to more of the models, as well as advertising the lack of change in a positive

manner. For example, Ford could advertise the fact that the radio system is the same by using phrases like “. . . and it still includes the 2017 model’s beloved radio system”. Through word choice, Ford can change the way that the consumers view the products and easily change their negative perceptions into positive ones.

In regards to competition, Honda also released a new line of 2018 models. One of Honda’s best-sellers thus far is the 2018 Honda Odyssey. It has a current rating of 9.3 stars out of 10 by U.S. News and is on the market for \$29,990. This new version of the vehicle is known for having family-friendly technology and seating features. Not only does the second row of seats have the capability to slide side to side, but it allows for easy access to the third row and a safe area for car seats and smaller children. The new model also has a premier van audio system with a rear-seat entertainment system.



Figure 23: 2018 Honda Odyssey (U.S. News, 2018)

Another one of Honda’s newest additions is the 2018 Honda CR-V, which is priced at roughly \$24,150. This new model received 8.9 out of 10 stars by U.S. News and was ranked #1 in compact SUVs, making it the Ford Escape’s largest competition. Honda has always been one of the standouts in the car market, and their 2018 line was no exception. The CR-V is known for being both safe and versatile due to its excellent fuel economy, large amount of cabin space and crash test scores. Additionally, Honda has continuously kept prices affordable for their new

models, even after they add new and improved features. The 2018 Honda CR-V is the cheapest car in its class, making it affordable while still quality. Because of features like such, Honda has become an even stronger competitor for companies throughout the years for companies like Ford.



Figure 24: 2018 Honda CR-V (U.S. News 2018)

Honda's new 2018 line has been extremely successful thus far. The criticism that they have received is minor, ranging from complaints about quietness of the engine to the height of seating positions. In a recent review, a critic stated, "The CR-V's hallmarks remain graceful handling, a spacious interior, and reasonable pricing, and after all these years, it's still earning our love" (White par. 1). Because of the versatility, safety, convenience and practicality of the models produced by Honda, they have continuously been successful throughout the years, with each new line being better than the last. Ford and Honda have consistently released vehicles of similar build and purpose, the only differences being small adjustments to their extra features that they implement to try to get ahead of one another. Clearly, Honda and Ford are major competitors of each other and both continue to release bigger and better things each year that they are on the market.

One new idea for a new product that Ford could develop is a vehicle that has the speed of a Mustang but the practicality of an EcoSport. This way, the car can be both sporty and fun.

Another idea for a new product would be a car that can monitor the driver's BAC. Just like the new Honda Accord that is able to monitor the driver's drowsiness and keep the roads safe, this new type of vehicle could protect drivers from entering a vehicle when they should not be on the roads. A third idea for a potential vehicle that could increase Ford's profits would be a car that focuses more closely on family safety. Just like the Honda Odyssey, Ford could create a car that not only holds a large amount of passengers, but keep them safe through the line-up and positioning of the seats.

Of these ideas, the most profitable option to develop would be a new vehicle that focuses on being both sporty and fun, but also safe. This would be ideal because as stated before, Ford is focusing their target market on younger people, and this would be the perfect vehicle to advertise to them. Not only is the car be affordable and safe for new drivers, but it is seen as stylish and enjoyable to drive. A great way for the company to do this would be by offering new luxury add-ons to the already popular Ford Escape. The consumer can choose to buy the base model as is, or they can choose to enhance it through adding premium add-ons, allowing the buyer to customize their vehicle. This way they can reach a new target market while still being present in the market for people who are looking for good quality, affordable vehicles. Ford has a strong threshold on the market, so by advertising these new vehicle options through social media and other popular platforms they could increase their sales to the newer generations, meanwhile diminishing this idea that their new car lines have no new significant changes.

Channels of Distribution

The Ford Motor Company is currently operating in six different regions across the world: Asia Pacific, Europe, North America, Central and South America, Africa, and the Middle East (Ford Global Links, n.d.). Each region has dozens of countries, and each of those countries has its own Ford branch that manages sales and after-sales services. To distribute its products, Ford uses four different channels of distribution: Ford dealerships, third-party auto parts stores, the

Ford website, and the Ford Motor Credit Company (Ferguson, 2017). Ford dealerships are the most prominent places for acquiring Ford products, and these are where the majority of Ford's sales revenue generate from. Third party auto parts stores carry Ford automotive parts and components which Ford directly offers as well. The Ford Motor Credit Company offers financial services for the firm's customers from its offices or through personnel at Ford dealerships.

Ford is famous for its complex and interconnective supply chain. There are 65 different Ford manufacturing plants worldwide, including stamping, engine, transmission, and vehicle assembly plants (Ford Manufacturing, n.d.). These manufacturing plants work interconnectedly with one another to create the final product that the customers receive. Ford categorizes its suppliers into three different groups using a tier system; Tier 1 suppliers provide Ford with complete vehicle subsystems, Tier 2 suppliers provide the components that make up the vehicle subsystems, and Tier 3 suppliers provide the supplies needed to create those components (Binsfield & Williams, 2003). Ford maintains long-term relationships with its Tier 1 suppliers, who then manage the connections with Tier 2 and 3 suppliers. Complete subsystems provided by Tier 1 suppliers are assembled at Ford's vehicle assembly plants, which are then delivered to their respective dealerships.

The Ford Motor Company has many competitors due to the nature of the auto industry, but its main competitors include, but are not limited to, General Motors and Toyota. Operating in 125 different countries across six continents, General Motors has a similar presence in the global automobile industry as Ford (MBASkool, n.d.). While these two automobile companies may be similar regarding their presence in the automobile market, their methods of distribution are not quite reminiscent of one another. Although both Ford and General Motors use the Internet as a distribution method, unlike Ford, General Motors has entirely different, separate websites for its different product lines (Young, 2017). General Motors has a website for Chevrolet, a different website for GMC, a different website for Buick, and so on. Moreover, General Motors also engages in automotive shows and exhibits to interact with prominent

automobile organizations and a focused audience (Young, 2017). This move by General Motors not only aids promotional efforts, but it also helps with extending market reach and potentially, even distribution.

Toyota, the world's biggest automaker, differentiates itself by having slightly different distribution strategies for the different regions it operates in, and a comparison between its different regional divisions shows exactly this (Kapoor, 2016). Toyota offers different product mixes for the different regions, and they each cater to the specific wants and needs of their respective markets. Different research and development are needed for different product mixes, and therefore they also require different strategies for distribution. For example, the Japanese division of Toyota uses different channels of distribution to target different market segments (Kapoor, 2016). It currently has five different channels: Toyota, Toyopet, Corolla, Lexus, and Netz (Kapoor, 2016). Each of those channels has its own identity, and they each serve a different target group of the general automobile market in Japan. Toyota, Corolla, and Lexus are familiar names for Americans, since the American division of Toyota uses the same names, but Toyopet and Netz are exclusive for the Japanese market.

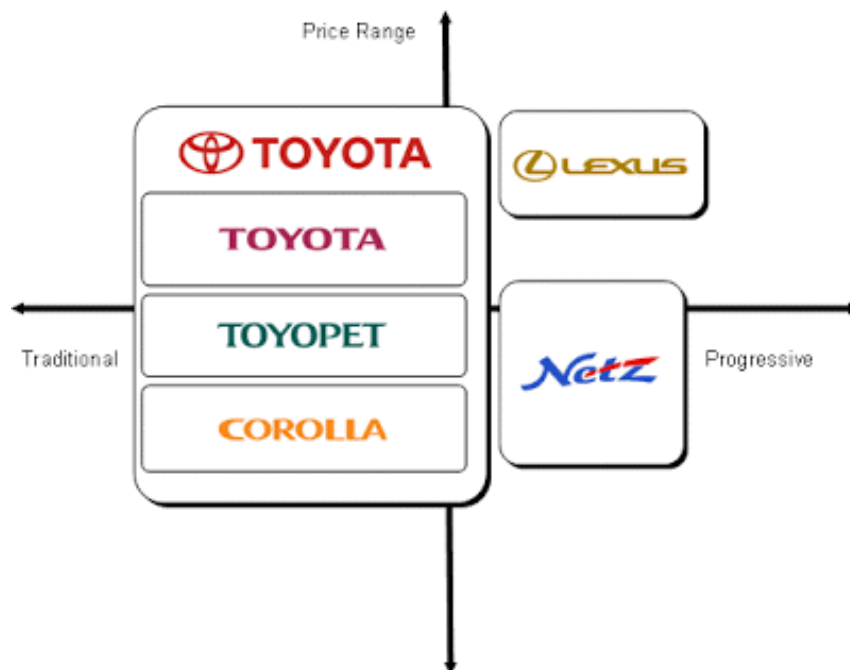


Figure 25: The image above shows each distribution channel's positioning (Kapoor, 2016).

Ford uses its tier system to create a competitive advantage for its distribution strategy. In the early 2000s, Ford decreased its supplier base in order to develop and maintain loyal, long-term relationships with its precious Tier 1 suppliers (Binsfield & Williams, 2003). Secure long-term relationships with suppliers can provide an automobile company with a few advantages over its competition. By maintaining positive, long-lasting relationships with its Tier 1 suppliers, Ford can drastically reduce its manufacturing costs, and it can also entrust its Tier 1 suppliers to manage the relationship with Tier 2 and 3 suppliers, instead of having Ford micromanage every level of the supply chain. The execution of this strategy by the Ford Motor Company increases its efficiency and minimizes the unnecessary usage of its resources for extra supervision.

In 2017, Ford introduced the Partnership for A Cleaner Environment program, or PACE, which offers useful tools to support suppliers attempting to reduce carbon-dioxide emissions and waste and/or improve the efficiency of water usage and energy consumption (McKevitt, 2017). These tools enable suppliers to track and achieve sustainability goals of their own, which they then share with Ford by reporting their environmental progress, while also sharing their own best practices (Ford Motor Company, 2017). This move by Ford not only works directly with its supply chain, but also works in tandem with building a positive brand image and promotion in general, which will help immensely with providing Ford with a competitive advantage. Confirming this, the Ethisphere Institute included Ford on its annual list of the World's Most Ethical Companies for the eighth time, in part due to its recent efforts regarding PACE (McKevitt, 2017). Ford is aiming to reduce global carbon emissions by a possible 500,000 metric tons by 2022 (McKevitt, 2017).

As mentioned previously, the Ford Motor Company uses the Internet as one of its distribution channels. There are a number of ways that Ford uses the Internet to distribute its products. Ford parts and components are sold on the Ford Parts website to third party auto parts stores, warehouse distributors, individuals, etcetera (Ford Parts, n.d.). In 2010, the Ford

Motor Company became the first car manufacturer to sell its complete vehicles directly to the customer online, which was an idea that was unheard of at the time (Manifested Marketing, 2010). Selling cars online has a few advantages, such as minimal interaction with salesmen who are constantly trying to upsell their products, and a greater spectrum for customization. However, some have criticized this move by Ford by pointing out the omission of the test driving part of the process for purchasing a vehicle, and the high costs for the vehicles (Manifested Marketing, 2010). Despite these criticisms, this was a fantastic PR move for Ford, considering they did what no other automobile firm had done. It showed the world a glimpse into the future, where most items deemed unable to be purchased virtually, could very well be purchased through the Internet. To add to this, in 2017, the Ford Motor Credit Company announced that it will begin to use a new platform developed by a San Francisco-based tech company called AutoFi, that lets customers buy and finance its vehicles through the dealership website from a mobile phone, tablet, or computer (Korosec, 2017). Once the transaction is completed online, customers must still sign the paperwork in person to finalize and collect the purchase (Korosec, 2017). This was a brilliant move by Ford, not only because it is building on what it pioneered nearly a decade ago, but because it is ultimately what the customers want. According to a recent survey of 1,217 American adults conducted online by Harris Poll on the behalf of Ford, as many as 83% said they would like to spend as little time as possible at the dealership when shopping for a new car (Korosec, 2017).

Recommendations

Ford has spent a tremendous amount of time, money and effort marketing their SUV line, more specifically, the Expedition. What the market has seen, however, is a major decline in the demand for SUVs because they are not fuel efficient, are larger than what the majority of consumers want, environmentally unfriendly and many other negative factors as well. While it is only a recent trend that has seen the decline in demand for SUVs, we suggest that Ford

reevaluate their budget and focus more resources on the lines that are successful or have potential such as their F-series pickup line.

We also suggest that Ford work to improve the overall value of the Ford Escape base trim. Currently, the Escape's base model is priced lower than the competing Toyota RAV4 and Honda CR-V, yet it does not offer the same features as these vehicles. Comparable features can be found in the Ford Escape's SE trim, which is priced roughly \$1,600 higher than the S trim. We recommend that Ford work to either lower the price of its SE trim to match the competition, or include more features in the Escape base model.

The biggest way that Ford has distinguished itself from its major competitors is through the online ordering system and the methods of production. Where they see the greatest success is in the fact that people would rather spend a finite amount of time in a dealership as opposed to making multiple trips and test driving. Because the fully online ordering process is only available in select regions, such as the European branch, they could likely improve by advancing their online ordering system and incorporating it to each of their various different sale outlets.

The Marketing Communications Mix

Ford utilizes four of the five promotional tools including advertising, sales promotion, public relations, and personal selling. The only aspect of the marketing spread that Ford does not touch on is the direct marketing likely because it would be difficult to solicit a consumer to purchase a car via mail order or over the phone. With expenses as big as a car the sale should be more direct in order to assure that there is trust between the seller and the consumer. With expenses as big as a car the sale should be more direct in order to assure that there is trust between the seller and the consumer. That said, Ford has recently started a new program called FordDirect in which their online outreach has a larger presence. While this is technically a form of direct marketing, it is new to Ford's marketing mix due to the fact that it was introduced in August of last year (Ford, 2017).

Each of their more recent advertising campaigns have an established level of emotional interaction with their narrative and the consumer. For example, Ford's "For Those Who Keep Pushing" ad, we see a relatively successful advertisement. The ad does an excellent job at appealing to the emotional aspect of the consumer and uses the established emotional connection as a way to hook the viewer. The incorporation of the major features of the vehicle are also quite successful and subtle to the point that you may not even notice some of the them. It is a very notable advertisement because it compromised the features of the car so as not to overpower the narrative ("For Those Who Keep Pushing," 2017).



Figure 26: The advertisement above details a promotion for veterans and active duty military (Ford Motor Company, 2018)

Ford offers various sales promotions that are continuous throughout the year. Most of these sales are targeted towards a specific audience, such as college students or Veterans. These deals target the people that fit the niche that they have cornered. Ford produces the only American-made products within the lower price range which is why they can target these groups. Veterans likely have a strong sense of nationalism which is why the Veterans and active duty discount is one of the most popular among the deals offered by Ford (Ford 2018).

In terms of personal relations and personal sales, they are fairly self explanatory. Ford has dealerships all over the world each dealing primarily in face-to face interactions and developing personal relationships between the consumer and the salesman. In terms of the personal relations, on the other hand, there is more depth to the matter. Personal relations is a relatively broad scope and while Ford has a team dedicated to staying up-to-date on all of Ford's standings, Ford has also shown the need for an additional company to come in and help with its personal relations needs. Ford generally seeks help from its long-term advertising partner WPP with whom Ford has had one of the longest advertising partnerships in the automotive industry. WPP has helped Ford on numerous occasions to handle major PR crises such as a mock ad that ran as a joke back in 2013 in which some members of the marketing team released an ad depicting former Italian Prime Minister Silvio Berlusconi driving a Ford with three women tied-up in his trunk. These ads did not receive the comedic release that was expected by their creators but rather caused a stir and were quickly pulled from the site. However, these ads were still seen by hundreds of people including reporters from *PR Daily*. Ford enlisted the help of WPP and their PR team to spin the story in a positive direction which eventually gained traction and the ad was all but forgotten a few months later (PR Daily, 2013).

While most of Ford's competitors use very similar strategies, the most popular amongst all automotive companies is the combination of advertising and personal sales. In terms of advertising, we see companies such as Nissan and Toyota show ads that appeal to the logistical side of people (Zazzi, 2016). This is where Ford differentiates themselves, to a certain extent, because Ford almost always focuses more on the narrative within the ad rather than the logistics. Personal sales are also a huge part of the automotive sales industry because consumers tend to be more cautious and frugal when it comes to major purchases. Where Ford tends to differentiate itself in this regard is that their distribution strategy has allowed them to make the purchase process more simple and can be done from their homes. While this may limit the

interaction between consumer and salesperson, people tend to be more privy to the idea of making fewer trips to the dealerships.

Diagnostic Advertising Profile

The majority of Ford Motor Company's most recent advertisements have been based around the tagline, "Go Further." To grab the audience's attention, advertisements usually follow the outline of a brief story, capturing the problems average people face in everyday life. Ford's advertisements continue to relate back to this core motto, whether Ford demonstrates how they plan to "go further" in their own sustainable and economic goals, or whether they encourage their consumers to "go further" in everyday lives with the help of Ford products.

In a recent 2018 Ford Escape advertisement, a mother and daughter are seen in a doctor's office. The mother is in a knee brace and the doctor is advising her to "take it slow." Ford's advertisements continue to follow this model and hold the audience's interest by showing different, relatable stories of "normal" people. As the advertisement continues, the mother and daughter work to strengthen the mother's leg, utilizing the Ford Escape in their effort. This shows that the Ford Escape is convenient, agile, and flexible. It helps the injured mother to strengthen her injured leg and encourages her to continue working.

Ford creates desire through this advertisement and others by demonstrating the strength of their consumers. As potential customers watch the advertisement, they will see the motivation and determination of the mother and associate her strength with the Ford Escape. By doing so, customers will want such a vehicle in their lives as well, as it provides the ability to promote work ethic and help someone on the path to recovery.

The action/reaction that Ford hopes to induce with the advertisements is the purchase of their vehicles. By showing the stories of many ordinary people and their ability to push through their adversities, Ford encourages its viewers to "go further," and demonstrates how this is possible with a Ford product.

Although Ford is consistent in its advertising and message, the company's latest financial reports show that the advertising may not be as effective as believed. By the end of 2017, Ford's profits fell 19% from the previous year to \$8.4 billion. Its profit margin decreased from 6.7% to 5% (Schultz, 2018).



Figure 27: Above is a still from the 2018 Ford Escape commercial, “For Those who Keep Pushing” (Ford, 2017).

Since 1943, Ford and J. Walter Thompson (JWT) have been business partners. In the last 70 years, both companies have grown, and in 1986, the marketing company WPP purchased JWT and gained control of the majority of Ford's brand development (Johnson, 2011). Based in Europe, WPP is the world's leader in marketing communications. The marketing giant manages over 400 companies and partners with some of the world's largest industries, including Ford Motor Company (WPP, n.d.). The partnership between the two companies is a long one, and in 2006, WPP created “Team Detroit,” the joint venture of Ford's five advertising companies: JWT, Ogilvy & Mather, Y&R, Wunderman, and Mindshare (Johnson, 2011). Outside of the U.S., Ford's marketing efforts are referred to as “Team Blue” and “Global Team Blue” internationally (McClellan, 2017).

Recently, however, Ford has been rethinking their marketing strategy, and in the fall of 2017 reevaluated their partnership with WPP. This speculation first came about when Ford announced that the marketing company, Laundry Service, will be handling the promotion of

their 2018 Lincoln Navigator brand. In November of 2017, Ford released the following statement in regards to their partnership with WPP: “We value the talented and creative men and women at WPP. They are trusted partners and curators of the Ford brand. As we are across the Ford business, we are exploring options to improve the fitness of our marketing and advertising operations. No decisions have been made,” (Schultz, 2017).

WPP has done a decent job over the past for Ford, but Ford has recently been recreating their company to be more “fit.” In other words, Ford is taking measures to ensure spending is delegated properly and effectively to better the entire company (Schultz, 2018). Ford’s decision to re-evaluate its partnership with WPP is simply a part of this mission. If they want to continue their partnership with Ford, WPP will have to find a way to recreate the Ford brand in a way that accurately reflects the changing social and economic environment it is marketing to.

Ford’s advertising techniques focus on both emotional and moral appeals. Whether dealing with everyday life or focusing on how Ford is changing the environment, almost all of Ford’s advertisements center around good people “doing the right thing.”

In August of 2017, Ford released its 18th annual sustainability report, a detailed report stating the effects Ford Motor Company had on the environment for that year and the steps that were taken to change that impact. A recent advertisement released by Ford, “What Sustainability Means to Us,” shows just how much Ford has changed over the past 20 years, highlighting the reduced amount of water used in factories as well as the amount of waste produced (Ford Motor Company, 2017).

In a different campaign entitled “We are All Champions,” the qualitative responses to a survey conducted by Campaign US suggested that consumers felt a sense of emotional attachment to at least some of the content in the ad. This emotional factor, apparently, played a huge hand in the rating granted in response to the advertisement and its effectiveness. In comparison to the Nissan “Safety Today,” consumers found the emotional appeal in the Ford ad to be more effective than the rational appeal of the Nissan ad.

Today, Ford Motor Company still remains a “family business,” and the values of Henry Ford have been carried on throughout the company’s history. The sustainability report is essential to the vision of Ford Motor Company’s Executive Chairman, Bill Ford, and demonstrates both the good and bad the company is doing. This report is more than just a simple record of Ford’s impact; it is an advertisement promoting the good Ford has done over the past two decades. The use of both appeals demonstrates that Ford is true to their own tagline, as the company continues to “Go Further,” not only in sustainable efforts but in their development as a moral and trustworthy brand.

The advertising media is consistent with Ford Motor Company’s tagline, “Go Further.” Most advertising material is in the form of television commercials and features normal people facing everyday challenges. Their media caters to the average American, demonstrating that Ford can help with any task at hand.

According to AdAge.com, Ford is the ninth-largest advertiser in the United States. In 2016, Ford spent \$2.3 billion on advertising in the U.S. and \$4.3 billion globally. In perspective, this amount spent on advertising accumulates to 2.83% of Ford Motor Company’s total revenue (Schultz and Stein, 2017).

Ford has diversified their marketing portfolio as they have developed themselves as a company. Initially, Ford had established a reputation for being a cheap car of even cheaper quality and was marketed as such. It was not until about 2008 that Ford started to make the major changes in the production of their vehicles making them safer and more reliable. Thus, the marketing strategy changed to fit this. The initial marketing campaigns were marketed with the phrases “Built Tough” or “Take the Road Less Travelled” both reflective of the sales of the models at the time. The new marketing pitches are more confident and have more sentimental value to the consumers because they are being marketed to a different group. For example, they are marketing to younger, lower income families as a safe vehicle with an adventurous feel to it

rather than as something targeted towards singles who are looking for a cheap vehicle to use until they can afford something better.

During the 2017 Super Bowl, a Ford advertisement aired just before kickoff, introducing some of Ford's newest technology and products. The commercial features several different stories of people of all ages getting "stuck" -- whether in traffic or in T-shirts. Unlike most advertisements, this commercial doesn't promote a single product, it promotes the entire brand.



Figure 28: The image below shows a still from the 2017 Ford Super Bowl commercial, "Stuck" (Ford, 2017)

Our firm likes this commercial because it highlights the way Ford as a company is innovating through technology, efficiency, and sustainability while still marketing towards the average American consumer. The advertisement is memorable because it demonstrates that Ford is becoming more than just an automobile industry, introducing new developments such as Ford bike sharing and the FordPass phone application. These innovations are recent and new, and as their introduction briefly flashes across the screen, they catch the audience's eye; however, they go unexplained.

Today, very few people know of the recent developments within Ford Motor Company. This Super Bowl Commercial gave the audience a glimpse into the innovation occurring within the firm, but could have really benefited by spending more time explaining the motive behind

Ford's transition to more sustainable efforts, specifically focusing on how the world is moving forward, and Ford has the ability to "Go Further" as well.

Diagnostic Sales Promotion Profile

Ford offers various deal year round and individual dealerships can offer discounts or promotions as well. The deals offered by the individual dealerships tend to be more lucrative but are also available for a limited time which causes the consumer to make decisions more rapidly. Ford also offers deals on the previous year's models in order to prepare for the incoming models.



Figure 29: Advertisement aimed towards college students (Ford Motor Company, 2018)

As formerly stated, There are discounts that run all year long such as the student discount in which Ford will take off \$500 from the cost of the vehicle or the veteran/active duty discount which will also take \$500 off the cost of the vehicle (Ford, 2018). These sales target two specific markets, those who have a lower budget, such as students, and those who have a tie to the American-made ideology, the veterans and active duty military. If you look specifically at the students, they will almost always take advantage of the student discount unless they are unaware that the discount even exists. This specific strategy tends to work out well because it establishes a connection of generosity between consumer and producer. While it may not put

pressure on the consumer to buy, because the deal runs all year long, it does create that sense of trust that most consumers need when making larger purchases (Fidan 2017).

Individual dealerships are responsible for turning their own profits meaning that they owe Ford the same amount regardless of how steep the dealership sells it for. Thus, the decision to offer discounts falls entirely on the individual dealership. The dealership here in Phoenix offers a cashback rebate. The rebates range from anywhere between \$500 and \$1500 based on whether or not the car you picked fits the criteria and whether or not the consumer is able to haggle. While this is usually a sign that the car is not doing well, in this case, Ford is trying to clear out the majority of its inventory for the incoming 2018 models (Earnhardt Ford, 2018).

For the most part, these discounts are offered as either a way to establish a relationship between the consumer and the manufacturer or as a way to clear out models that are not selling well or have a newer model coming in soon. In terms of their success, it is entirely dependent on the market and the benefits of waiting until something better comes along. The dealerships tend to have a lot of people taking advantage of the various discounts but rarely have them taken advantage of until the end of the period at which they are offered (Fidan, 2017).

The specific promotion that has seen the greatest commendation has been the veterans discount. The sale itself appeals to the nationalist in all of our armed forces and offers them a sign of appreciation based on the work they have done for our country. While the discount itself is not incredibly significant, it can still be up to 5% off the total cost of the purchase. We believe the area in which Ford could improve this specific promotion is by advertising it more than once a year, around Veteran's Day. They should incorporate this deal into more of their advertisements and include a snippet about how the company is an American-made brand further promoting the sense of pride associated with being a nationalist brand.

Public Relations, Direct Marketing and Internet Promotions

The Ford Motor Company has been working diligently in the recent years to set in stone a positive public image of the company in the public's minds, by funding and launching programs and campaigns that reflect "positive" societal values, or in other words, values that the majority of the target demographic supports. A prime example of this would be the Partnership for A Cleaner Environment program, or PACE, which was introduced in the previous section. Launched in 2017, PACE offers useful tools to support suppliers attempting to reduce carbon-dioxide emissions and waste and/or improve the efficiency of water usage and energy consumption (McKevitt, 2017). These tools enable suppliers to track and achieve sustainability goals of their own, which they then share with Ford by reporting their environmental progress, while also sharing their own best practices (Ford Corporate, 2018). According to a survey done in 2011, Millennials are the most environmentally conscious generation, who attribute causes of climate change to human activity and often prefer riding bikes over cars to avoid pollution (Pew Research Center, 2011). Not all Millennials are full-fledged adults yet, but they will one day take the positions in society that the members of the Baby Boomer Generation and Generation X hold currently, and by directly adopting and embracing a value that they support, Ford is implanting its positive brand image in their minds, in order to hopefully influence their sales decisions when it comes to purchasing a car in the future.

Another public relations activity facilitated by Ford is the Chariot ridesharing program that launched in 2014, which was bought by Ford back in 2016 (Martinez, 2018). An app-based service hailing from San Francisco, Chariot uses real-time traffic data to dispatch nine-passenger Transit wagons to high-density areas to ease congestion and improve commutes (Martinez, 2018). Currently operating in six major cities around the world, Chariot is one of many moves planned by the Ford Motor Company to improve its brand image by thinking beyond just the Ford car models. The purchase of Chariot shows that Ford wants to use its funds and resources to not just sell more cars, but to improve the lives of all citizens, not just

customers. Although Ford has been working to improve its brand image on various fronts, the sales reports do not exactly reflect their moves, since Ford earnings failed to meet Wall Street expectations in 2017 (Duggan, 2017). Furthermore, Ford's net income is down 67.3 percent between 2014 and 2017, and in that same period, its market cap has also declined 34.3 percent (Duggan, 2017). However, both the launch of the PACE program and the purchase of Chariot were fairly recent, and since they are both still in the stage of growth and expansion, it is reasonable to hope for better sales reports in the future.



Figure 30: Image of a Chariot vehicle (Etherington, 2017).

As for direct marketing, the Ford Motor Company uses Ford Direct, an entire branch of the company that is dedicated to assisting Ford and Lincoln's retail sales by focusing on digital marketing (Ford Direct, 2018). A joint venture between Ford and its franchised dealers, Ford Direct uses the latest digital marketing technology to build and deploy highly effective advertising and marketing solutions that drive performance marketing results, rather than using mail orders and over-the-phone sales (Ford Direct, 2018). Ford Direct understands that a company's online reputation is paramount for the success of a business in today's world, and therefore focuses on transforming Ford's marketing objectives to be more digitally inclined

(Ford Direct, 2018). Ford Direct's direct marketing strategies incorporate email, texting, and smartphone applications, and strive to be "ahead of the times" with their methods (Ford Direct, 2018). In March of 2018, Ford Direct announced the launch of Maestro, a new mobile sales application for Ford and Lincoln dealers that provides a seamless "greet to deliver" sales experience, whether the customer starts the shopping process online or in the dealership (Ford Direct, 2018). When purchasing a car through Maestro, a single salesperson handles the entire transaction from vehicle selection, trade-in valuation, credit app/financing, and final contracting with minimal to no customer handoff (Ford Direct, 2018). With Maestro still being in its introduction phase of the product life cycle, it is unclear as to how automobile buyers will react to the launch of the application, but it is definitely clear that Ford Direct is successfully differentiating Ford from its competitors using innovation.



Figure 31: Above is a picture of the Ford Direct logo (Ford Direct, 2018).

The Ford Motor Company has numerous websites online for its many different parts. For starters, there is the main Ford website, where the latest Ford vehicle models are shown at the very front of the webpage (Ford Motor Company, 2018). The website also provides extensive information of each model, and even allows searching for inventory across the country, straight from the website (Ford Motor Company, 2018). The previously mentioned Ford Direct provides the hyperlinks for the main Ford and Lincoln websites at the very top of its own webpage, and the Ford Corporate website provides the hyperlinks for every international Ford website, arranged by region and country, in the Global Links section (Ford Direct & Ford Corporate,

2018). These various features of the Ford websites help with drawing more people to the main website, where the promotion and sales happen. However, there are areas where Ford can improve on, such as the relationships between the different Ford websites beyond just the placements of hyperlinks. Currently, the different Ford websites are scattered about on the Internet, and there is not a cohesive list of all the different branches of Ford and their websites, which often causes confusion when one is trying to navigate from one website to another. Relying solely on hyperlinks to connect the different branches' websites to one another is naïve; it is likely that Ford will see a drastic increase in the hit counts of its websites if they were more deeply connected to one another

Ford recognizes that the future of all businesses relies heavily on their activities online, and their reputations that follow them. Ford Direct, which is essentially Ford's digital marketing team, strongly emphasizes the growing importance of online reputation, for it constantly collects data on online customer interactions using artificial intelligence (Ford Direct, 2018). It is indicated on the Ford Direct website that Ford Direct not only monitors Ford's online reputation but also works actively to influence it (Ford Direct, 2018). It is a known fact nowadays that the Internet does not forget the scandals and mishaps that many popular companies go through, since the Internet is both where the news is reported and discussed freely by the customers and potential customers. Ford's presence on social media reflects how its websites are handled; Ford has multiple official accounts on Twitter alone, for its many branches and foreign sectors (Twitter, 2018). The high follower counts of each account are an indication that social media is of growing importance to Ford. The main Ford Twitter account, on top of tweeting for promotional purposes, politely replies to other users' tweets that contain questions about and/or praises of Ford's products, which means that Ford has a team that oversees its social media presence 24/7 in order to maintain the brand image of a responsive and positive company (Twitter, 2018).

Current Pricing

Ford Motor Company is one of the most well-known car companies in America, and this is because have they built themselves up using various tools through marketing. The 2018 Ford Escape starts at \$22,882, unless it is upgraded or other additions to the car are purchased. The average price paid is \$23,940. Other products that Ford offers range from hybrid cars to heavy duty trucks. All the products in the 2018 line have a large variety of pricing. For example, the Ford Fiesta, starts at \$14,205 for 2018, but is a lot smaller in size. The SUVs and crossovers that Ford offers in their 2018 line range from the Eco Sport, starting at \$19,995, to the Expedition, starting at \$51,790. The line of trucks and vans for 2018 range from \$23,215 up to almost \$33,000. After analyzing the different products that they are offering for this year, it is obvious that the pricing is based on multiple aspects. The most important aspects taken in consideration appear to be mileage, performance, and size.



Figure 32: Lineup of select cars offered from the 2018 line to show the comparison in size (Ford, n.d.)

We would not consider Ford to be a completely online brand because a consumer cannot purchase a car online. They would have to design the car online and then check the inventory for the desired vehicle at dealerships near them. However, Ford does use the internet as a platform to get information and pricing on their cars. They use online pricing to show a general base price, but have additional fees and taxes that are included once the steps of purchasing the car begin. This is a great strategy used by many popular car companies because their affordable pricing grabs the viewers' attention and encourages them to come in to the store. Since Ford

does not offer a way to buy cars online, it is concluded that they are not generating any revenue from their online platforms.

After doing some research on the pricing objectives that the company uses, we came across an interesting quote from Henry Ford himself that was the root of their objective that they still use today.

“I will build a motor car for the great multitude. It will be large enough for the family but small enough for the individual to run and care for. It will be constructed of the best materials, by the best men to be hired, after the simplest designs that modern engineering can devise. But it will be so low in price that no man making a good salary would be unable to own one -- and enjoy with his family the blessing of hours of pleasure in God’s great open spaces” (qtd. in Botelho, 2004).

The quote resonated with us because this was obviously said back when cars were first beginning to be manufactured. We noticed that Ford is known for providing very affordable prices compared to other companies. Henry Ford believed that if he provided significantly lower prices than other companies in the market, his cars would be purchased in vast quantities. The prices are set to the extent similar to the slogan that they provide “the universal car”. When it comes to the criteria of the competition, Ford strives to provide lower prices, but still continue to create exceptional value in their cars for their customers. Below is a comparison in price of a 2018 Nissan Rogue versus the 2018 Ford Escape. Both of these cars are known for having similar quality and performance, but Ford offers the lower price.

2018 Ford Escape S		2018 Nissan Rogue S AWD	
MSRP	Invoice	MSRP	Invoice
\$23,940	\$23,102	\$26,150	N/A
Average Price Paid		Average Price Paid	
\$22,882		\$24,112	

Figure 33: Comparison of Ford Escape and Nissan Rogue prices (Consumer Reports, 2018)

The picture of the price comparison of the Ford Escape and Nissan Rogue has a similar trend with most of the other car competitors that offer cars similar to what Ford offers. Other major companies like Nissan, Chevrolet, Toyota and Honda offer cars similar to the Escape. The 2018 Toyota RAV4 is not only ranked lower on SUV size, but is priced higher at an average of \$25,64. Honda has the exact same results as Toyota. The 2018 Honda CR-V is ranked lower for best small SUVs and exceeds the price of the Ford escape by a little over \$3,700, being priced at an average of \$26,586. Many of these car companies have been effectively established through similar marketing strategies to Ford. Popular car competitors, like those listed above, have established themselves because of how well known they are to most consumers. They all also have advertising everywhere, including billboards, commercials and even features during the Super Bowl. However, Ford has been an established car brand since 1908, meanwhile many other companies had a later start. This has provided Ford with an opportunity to remain one of the most established companies to exist.

Ford uses multiple strategies to market all the different products that they offer. Although Ford does not have much information on price discrimination and psychological pricing as a marketing strategy, it is evident that they do use it. As stated previously in the quote from Henry Ford, he wanted to use average income families as an incentive as to why his car and the price was the perfect fit. When analyzing different pricing on the 2018 Ford escape, each car was priced a little differently. The location of the dealership, along with the financial position of the customer, creates the outcome of the designated price of the car. Yes, many cars do have a sticker price that is generic to all customers, but many are able to have the price reduced or even get special incentives included. Some cars can also be priced differently based on the terrain of the location in which the car is purchased.

In an article we read on “Nerd Wallet” by Jeanne Lee about cars and pricing she explains, “Car prices fluctuate because of factors including supply and demand, seasonality and

geography. A specific model might cost more in a wealthier ZIP code, for instance, according to a J.D. Power spokesman” (Lee, 2015).

Therefore, when a consumer is considering buying a car, it is important to look at prices outside of the areas that are known to be more populated or wealthy. The attachments below show the range in prices from the Ford dealership located in Scottsdale, which is known as a wealthy area, compared to a Ford dealership in Gilbert, which is less populated.

The pricing of the 2018 Ford Escape at the Scottsdale dealership:



Figure 34: Image of Ford Escape pricing at Scottsdale, Arizona dealership (Ford Motor Co. Scottsdale, 2018)

The pricing of the 2018 Ford Escape at the Gilbert dealership:



Figure 35: Image of Ford Escape pricing at Gilbert, Arizona dealership (Ford Motor Company Gilbert, 2018)

Many car companies along with Ford also use the “bundle strategy” to convince customers to purchase cars. They may not throw in another brand new car with your purchase, but will usually offer services like free car washes, oil changes, and tire rotation for a few years

after the purchase of the car. Bundling can also be used for car companies to throw in things that a customer may not ever use to make a better margin. For example, if a consumer is buying a Ford Escape and the dealership offers to throw in upgrades and services all included as a package of the car, they could give you upgraded floor boards. A customer would probably not buy the upgraded floor board by themselves, but when they are thrown into a package with the car, it might be different.

Ford Motor Company has been an established brand since 1908 when Henry Ford created the marketing strategy to create a car that is durable and provides necessities for a family, but at a price that is affordable. The company's use of techniques following this strategy are what have built the popularity of this company. Ford has maintained reasonable priced cars that are known for being valuable, affordable and built tough.

Recommendations

Although Ford dedicates its brand to families, they fail to promote their presence within communities. Ford does not publicize major sponsorship deals like its competitors do, and we recommend Ford actively involve itself with well-known charities and family-friendly events. For example, Toyota has dedicated more than \$500 million towards community sponsorships and philanthropic organizations and has even sponsored events as big as the Olympics. We would like to see Ford promote endorsements through platforms that their target market enjoys, such as family-friendly networks, like CBS television programs, or donating to family-centered charities, like children's hospitals, which can appeal to a broad market.

In addition, Ford should diversify their advertising campaigns to express the advancements that the company has made. One suggestion is to create advertisements that specifically inform the public about the new technologies and innovations Ford is creating. For example, the 2017 Super Bowl ad features a variety of the new projects that Ford has created, such as the Ford GoBike and the FordPass phone application. These new innovations are huge

developments for Ford and demonstrate how Ford uses new technology to become more efficient and sustainable. This series could highlight each of the new projects Ford has launched while also showing off the new deals and features of their vehicles and ultimately relating the benefit to their consumers.

RECOMMENDATIONS

While the pricing of the Ford Escape may appear to be lower than its competitors, the product itself is lower in value. In order for a customer to purchase a Ford Escape with add-ons and features comparable to its biggest competitors, they will need to settle on a higher and more expensive trim. One way in which Ford can resolve this is by offering more value to its base models. By including additional add-ons in the base model of the Ford Escape that are available in upper trims, Ford can ensure customers are getting the best deal while also leveling the price to that of its major competitors. Rather than simply lowering the cost of the base models and respectively lowering the cost of the higher models, we propose that the company increase the value of the vehicles in each tier by incorporating these different add-ons and bundles into the existing models. These additional features can include select technological upgrades as well as cosmetic features, like the Ford Escape's panoramic sun roof. With that being said, Ford should either lower the cost of these bundles in order to stay competitive or they should offer some add-ons that are free to keep the final cost of the vehicle low for and the value the customer associates with the vehicle high.

Because Ford is a company run by family and centered around familial values, it is important the Ford actively promote this in their advertising. We recommend that Ford work to advertise more of their charity involvement as well as sponsorships. An entire section of their website discusses the various service and sponsorships they offer; however, these organizations are not very well-known/publicly-known. For this, we suggest Ford sponsor or donate to a well-known organization such as the American Cancer Association, St. Jude Children's Research Hospital, or one of their outreach programs such as Relay for Life, which raises money for cancer research. These more notable organizations host a powerful and well established following, and donating to programs like these would allow for Ford to further promote their own values as well as do good for the community.

Ford's current advertising campaign, while very broad and diverse, is generally unfocused and lacks a sense of continuity between the different advertisements. For example the Ford advertisement that ran during the 2017 Super Bowl focused primarily on the narrative and comedic aspect of the commercial rather than delving into the new and impactful technologies and innovations that the company has recently developed. It was not until the very end of the advertisement that Ford displayed products and services, and even then, flashed these new developments across the screen in a matter of seconds. Ford has made so much progress in terms of their innovation as we see in the FordPass, Ford Chariot, Ford Go Bike, and various other major company progressions as well. According to a study by AdAge.com, Ford has become the ninth largest spender in the U.S. for advertising. That said, Ford's profits have seen a 19% decline from the previous year with the profit margin falling from 6.7% to 5% (Schultz, 2018). Through these statistics, we see that Ford's marketing campaigns have not yielded the expected return. We propose that Ford start by decreasing their budget for advertising and adjust their campaigns to be more pointed. In order to achieve this, we propose that Ford start by focusing on one or two major themes that the company promotes; family values and the fact that it's products are American made. With the narratives focusing on those values, Ford can then integrate each of their new products, services and major developments into their campaigns.

By adjusting their pricing, advertising, and sponsorship strategies, to match our recommendations, we believe Ford will not only be able to increase sales of the Ford Escape, but positively alter the Ford brand image as well.

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