

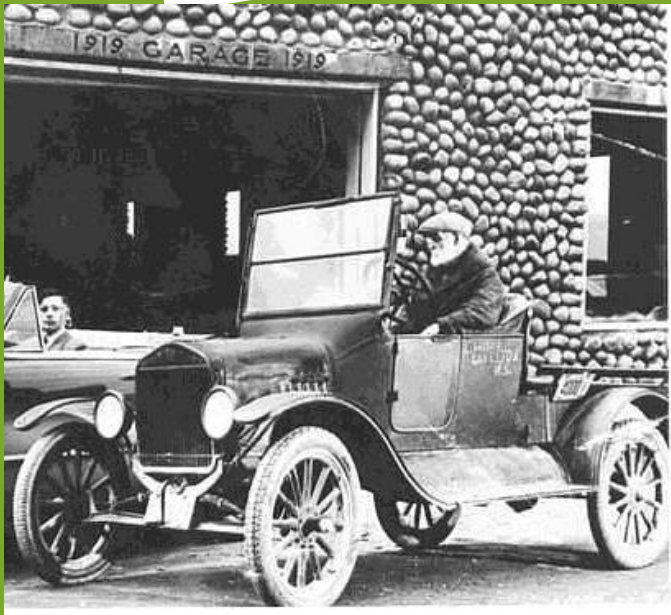
# COMM 101: Marketing meets Accounting

## AGENDA

- Business departments, are they linked?
- Branding
- Costing
- SWOT analysis

AUTOMOTIVE INNOVATION  
**Detroit is still stuck in the 1950s**

MAIL  
2005



Take fuel economy. The Ford Model T, produced in the millions between 1908 and 1927, had the aerodynamic profile of your average barn. On the plus side, it got a respectable 25 miles a gallon. In 2004, the average fuel economy of the Ford fleet (cars and light trucks such as SUVs) was 23 miles a gallon. And it's getting worse. In 2000, the fleet average was 24 miles a gallon. Since the era of the Model T, the Big Three apparently have measured innovation in terms of number of cup holders.

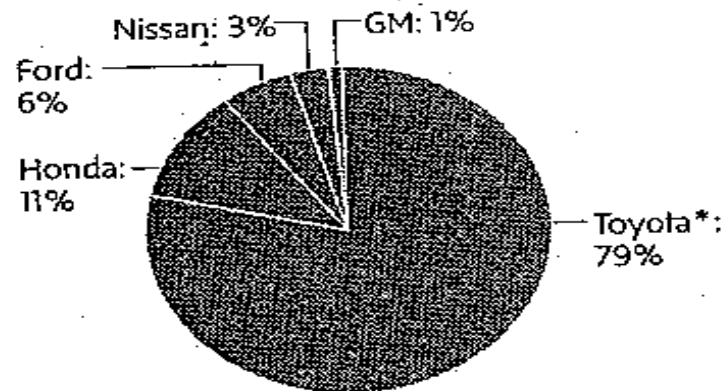
NOW!

## Hybrid vehicle market in the U.S.

January through August, 2008

### MARKET SHARE

Total sales: 233,492 units



\*Including Lexus

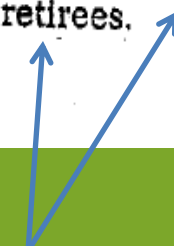
THE WALL STREET JOURNAL » SOURCE: AUTODATA

- Legacy costs are costs associated with “deals” that were made in previous years which create a liability for the future.
- This cost will not go away and it is enormous on a “per vehicle basis”
- Can GM implement a cost plus pricing scheme?

But even the Ford number pales in comparison with that of **General Motors Corp.**, which spent \$4.8-billion (U.S.) in 2003 to cover 1.1 million people.

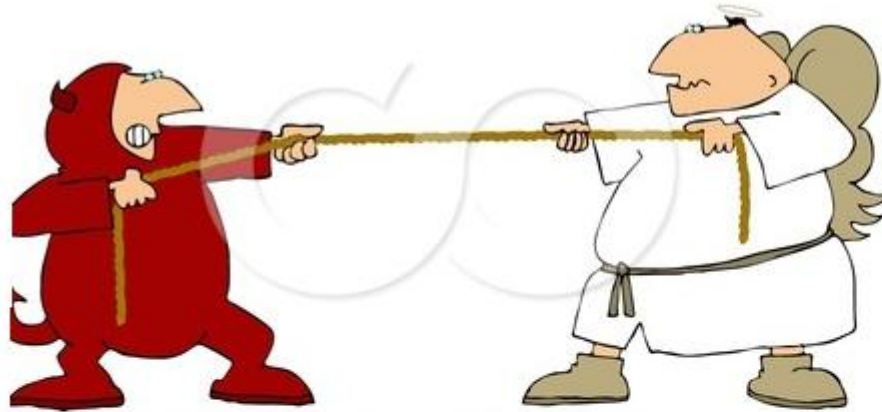
That is more than GM spent on steel for its vehicles. It figures health care adds \$1,400 to the cost of every vehicle it makes in the United States.

An astonishing \$2.2-billion of that went to retirees.





# Example: Marketing versus Accounting



- Is this title a mistake?
- Are these not diametrically opposed areas?
- Can you operate in accounting and ignore marketing, or conversely can marketing function in isolation to accounting?

# Needs vs. Wants



**“People don’t to buy a quarter-inch drill. They want a quarter inch hole!” Theodore Levitt.**



**Features vs. Benefits**



What country do you associate with Jaguar?  
What country do you associate with imperialism  
and India?

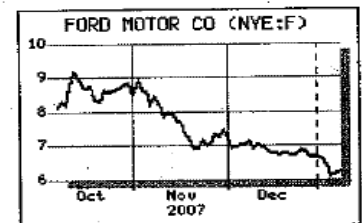
Ford picks India's Tata as top bidder for Jaguar, Land Rover

Page 1

## Ford picks India's Tata as top bidder for Jaguar, Land Rover

Last Updated: Thursday, January 3, 2008 | 7:46 AM ET  
The Associated Press

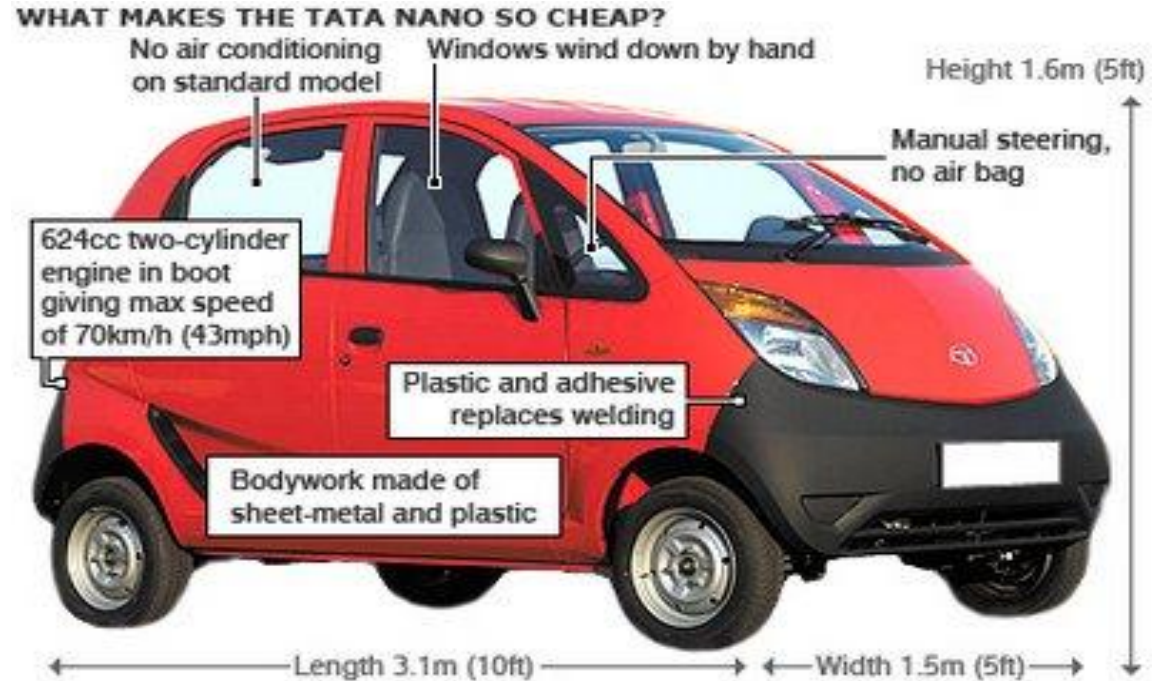
Ford Motor Co. picked India's Tata Motors Ltd. as the top bidder for its Jaguar and Land Rover units, the Detroit automaker said Thursday.



How much would you pay for this?  
How do you set the price for this?



USA Smart car pricing STARTS at US\$13,000  
In Canada C\$13,300 and up [www.thesmart.ca](http://www.thesmart.ca)



<http://www.sify.com>

<http://tinyurl.com/ybvurmw>

2008 top 10 US small cars  
Visual slide show with prices



*Less than C\$10,000 is just about possible*

## Canada's 2 cheapest cars face off

Hyundai

Kia

**Hyundai's Accent and Kia's Rio are  
cheapest new cars in Canada**

Apr 11, 2008

JOHN LEBLANC



SPECIAL TO THE STAR

Last month, both Hyundai and Kia cut the price of one of their subcompacts to \$9,995, making the two models the cheapest new cars for sale in Canada.

In fact, the cash purchase price of the Accent L three-door hatchback and the Rio EX sedan is roughly 30 per cent less than the next cheapest new cars in the country, the Chevrolet Aveo/Pontiac Wave twins.



Though they have the same \$9,995 cash purchase price, the Hyundai Accent, left, ends up being cheaper than the Kia Rio once you add in the destination charges.

   Choose text size

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Have consumer  
buying habits  
changed?

Using pulsepress,

In groups of 3-4 discuss why your family does or does not have a hybrid.

Post the key reason

## Light trucks outsell smaller cars as auto sales rise

THE GLOBE AND MAIL • FRIDAY, SEPTEMBER 2, 2011

**RITA TRICHUR**

Canadian consumers appeared to shrug off higher gasoline prices and global economic uncertainty last month, plowing more money into sport utility vehicles and crossovers as sales of light trucks vastly outperformed cars.

Although overall light vehicle sales increased by 3.2 per cent to 140,361 units over the same month last year, the truck segment was the clear winner.

Total sales of light trucks grew by nearly 6 per cent year-over-year, while sales for passenger cars dipped by 0.1 per cent.



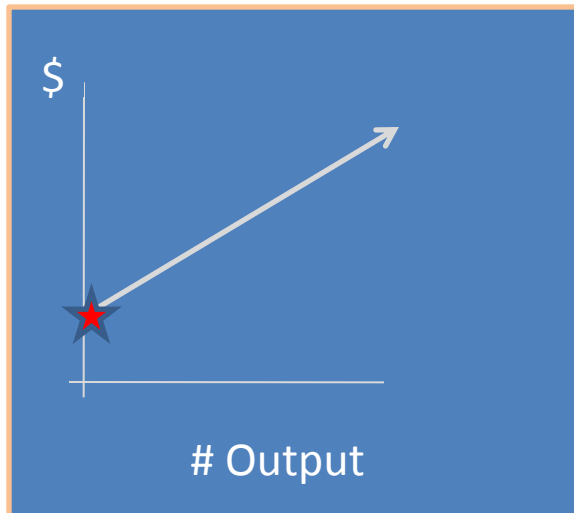
We are buying more trucks!

- Costs that do not change with volume of output are called :
  - Fixed Costs
- Costs that change when volume changes are called:
  - Variable Costs

**For decision-making it is critical to have these differentiated!**

# You can illustrate these costs effectively with a familiar tool!

- “Rise over run” helps you determine?



- The *slope* of the line is the estimate of your variable cost;
- The *intercept* is the estimate of the fixed cost.

What do you think are the *key costs* that would be debated in the management meeting as Tata Motors contemplates bringing the Nano to Canada?

In groups discuss and post (pulsepress) the key items of your discussion

# Introduce SWOT concepts

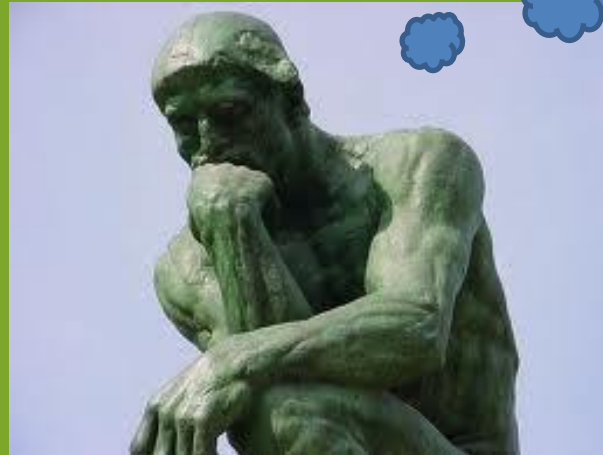
- Internal factors: strengths & weaknesses
- External factors: opportunities & threats

S	W
O	T

More info: <http://www.quickmba.com/strategy/swot/>

- Take a couple of minutes to write down the key things that you've learnt in this class.

- -
- -
- -
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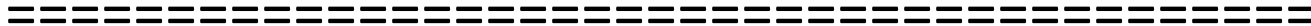
Class Prep. Instructions are posted on Vista

- **Case #1– due 8 am Tuesday September 18**
  - No hard copy; submit via VISTA : NO LATE SUBMISSIONS
- Reading preps for class 3 (Ethics)
- Blog post for class 3 (See Vista)
- Use seminars and “meet the prof” sessions
- E-mail TA if you have any issue

# BLOG

- Max 200 words per post
- Pictures and hyperlinks encouraged
  - (automatic referencing and linking of ideas)
- Look to add value with some interpretation
- Link class concepts to readings and news stories
- Don't simply copy & paste!
- Capture your learning and interests from course
- Link from class notes

Comm 101		
Year 2		
Year 3		
Year 4 ePortfolio Job helper		



(End of course reflective learning assignment should be based on analysis of your blog and your class notes)

Dr. Blog  
is your starting  
resource  
guide