

# Self-Owned Brand Rises from the Ash Marketing Advertising of LUXGEN and Its Role in the New Automobile's Brand

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## Abstract

In 2009, Taiwan YULON Group actively developed its self-owned brand LUXGEN and launched the first automobile named as LUXGEN7 MPV. This research investigates how LUXGEN uses advertising and differential threshold stimulation to persuade the consumers that such automobile is of excellent quality and reasonable price, making up the insufficiency in popularity during its debut to the market. From the perspective of differential threshold stimulation, this research will study on its impact to the new self-owned brand according to the four advertising cases of the LUXGEN automobile.

**Keywords:** Differential Threshold Stimulation, Self-owned Brand, LUXGEN, Case Study.

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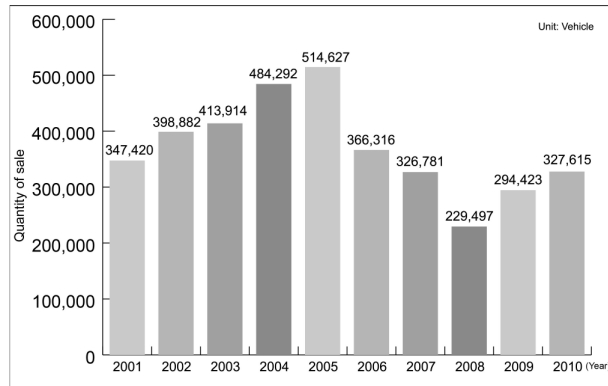
## 1. INTRODUCTION

In 2001, in the emerging markets in Mainland China, India and Russia etc., the overall automobile sales were only 13.65 million automobiles, less than one quarter of global market share. In 2008, the global economic was severely hit by the financial tsunami, market sales in developed countries were embogged, however, during the last decade, the automobile sales in emerging countries had exceeded the sales in USA and other developed countries. According to the data published by FOURIN, the automobile sales in emerging countries were accounting for 37% of the global market, and such sales had achieved to 53% in 2011. With the rapid growth of economic in Asian countries and the sustainable improvement of national income, the Asian region has been deemed as one of the most potential automobile markets in the world [15].

With the strong development of global economic, automobile sales were also achieving fantastic outcomes in each country; the overall global sales had reached to 80 million automobiles in the whole year of 2012, achieving a historic high record. From the perspective of country, automobile sales were growing in most of the countries, of which Mainland China was dominating the market overwhelmingly, recording automobile sales of 19.3 million in the overall market; the runner-up and the third place were the USA and Japan, recording automobile sales of 14.84 million and 5.36 million respectively [16] [20].

From 2001 to 2005, the automobile sales market in Taiwan was growing stably, achieving the sales peak of 510 thousand automobiles in 2005, however, due to the subprime mortgage crisis in the USA in 2007, the sales of automobile declined obviously. Moreover, the decline of sales

was declining to the lowest in 2008 due to the impact of financial tsunami, recording automobile sales of 229,497 only(see Table 1). Under the background of rising oil price and all kinds of negative factors in the market, YULON Motor Company, established in 1953, started to integrate group resources and actively develop the business of self-owned brand. After five years of research and development, YULON Group had launched its new self-owned brand LUXGEN, launching the first automobile of such brand named as LUXGEN7 MPV in September 2009 and then secondly LUXGEN7 SUV in September 2010.



**TABLE 1:** Sales Statistics of Taiwan Automobile Market from 2001 to 2010.

After 1990, with the rising of China’s automobile market, automobile sales in mainland were achieving several historic record highs. Starting from 2010, the Economic Cooperation Framework Agreement (ECFA) between Taiwan and Mainland China has been promoting the economic cooperation plan between two sides, automobile components and spare parts were included in the project of Early Harvest List of ECFA, zero-tariff preference is available, symbolizing further integration of automobile industry between Taiwan and mainland. Both have their own competitive advantages respectively, however, Taiwan must breakthrough from the thoughts of its traditional role and focus on the China automobile market’s future development trend again, so as to look for the most appropriate position in the automobile market across the Straits, eventually, developing a automobile of self-owned brand became a way out under such backgrounds.

YULON Group has been developing in automobile industry for almost sixty years, experiencing amendment of government policy and laws and decrees and the opening of economic trade, encountering competitors both at home and abroad and saturated domestic sales market and other factors. Despite possessing abundant competitive advantages in the industry, challenges facing the developing self-owned brand automobile in Taiwan have been existing all the time:

- Comparing with the rising of emerging automobile market in the Mainland China, the development of Taiwan’s automobile market was restricted to the frame of assembling and original equipment manufacturer , besides, the domestic market demand was also relatively small, restricting the development of automobile industry. The systems in the upstream, midstream and downstream of the overall automobile industry were still focus on automobile assembling, development of non-critical components and design of internal accessories, independent technology cannot be established; therefore, the development of Taiwan’s automobile industry was restricted by the parent manufacturers of technology and lack of independence. Besides, the domestic labor cost was relatively high and the challenges of dumping of low price commodities from Mainland China were also needed to be faced, together with the saturated market of domestic demand, it’s difficult to achieve a high-growth in Taiwan’s automobile industry. When facing a small market scale, the automobile industry was still in low speed development status and lack of competitiveness in international export sales.

- Since the scale of Taiwan automobile market is not big and the market is saturated, after the signing of ECFA, the tariff between Taiwan and Mainland China would be exempted. With the rising of emerging market and the increasing demand in automobile, if Taiwan's automobile industry was still playing a passive role, it would be difficult to survive in such a small market.
- With more than fifty years of development in Taiwan automobile industry, the automobile market has been changed from the previous seller's market into buyer's market, furthermore, with the changes of living styles and the appearing of consumer confidenceness, the manufacturer can only provide differential automobile qualities and services, improve vehicle shopping environments and enhance brand image, so as to win the consumers' favor and to drive the growth of performance.

## **2. LUXGEN AND SELF-OWNED BRAND**

With entry into 21<sup>st</sup> century, the increasing improvement of technology and competitive low labor cost in the world factories in Mainland China, Vietnam and India had been forcing the USA, Japan, Korea and other countries to accelerate their brand operation, therefore, it's far more important for Asian enterprise to develop a powerful brand [23] [25]. During the establishment of a powerful brand, the challenges of many power international brands still exist, and the consumers are generally holding the concept that Asian brands were relatively inferior [17] [24]. Therefore, under the environment of global competition, enterprise brand has been the important source of sustainable competitive advantage and the core element of enterprise strategy [3] [5] [13] [14] [18]. The enterprise should only reform from the low margin businesses of pure ODM and OEM to the section and positioning of high added value, so as to achieve sustainable development and operation. In 1969, Al Ries and Jack Trout firstly published the positioning concept in the Industrial Marketing, The characteristics and interests provided by an enterprise must be able to specify the differences among the competitors and be accepted and acknowledged by the consumer[2]. Under the environment of global sustainable competition, many Taiwan manufacturers start to be aware of the importance of brand establishment and create brands to pursue higher commodity values successively [26] [27].

Aaker (1992) [1] proposed that brand is a kind of asset and liability with the combination of brand name and symbol; it can increase or decrease the added value of product. Kolter (1996) stated that brand is the so-called combination of name, term, symbol, mark and design. American Marketing Association (AMA) also presented that a brand is a customer experience represented by a collection of images and ideas; often, it refers to a symbol such as a name, logo, slogan, and design scheme. Brand recognition and other reactions are created by the accumulation of experiences with the specific product or service, both directly relating to its use, and through the influence of advertising, design, and media commentary [4] . A brand is a "Name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers." Basically, brand is a commitment, because sellers should commit to provide consistent and specific product characteristics, interests and services to the customer.

The definition of self-owned brand refers to the brand self-developed by and its intellectual property right is owned by the enterprise. Before YULON Group launched its first LUXGEN7 MPV in September 2009, its first self-designed automobile of self-owned brand with the name of FEELING was launched in 1986, it was a beginning of YULON's technology upgrading. With the glory of the first self-produced automobile in Taiwan at that time, FEELING was in the spotlight and an attractive commodity in 1986, together with advertising activities and innovative products, FEELING had gained more than 5000 orders when it come into the market, one year later, it officially participated in the 27<sup>th</sup> Tokyo Automobile Show in Japan, becoming the first Taiwan automobile participating international automobile show.

The automobile FEELING adopted the model of separating production and sales, at that time, YULON Motor played the role as manufacturer and Chinese Automobile Company (CAC) was

responsible for the sales. CAC had been monopolizing YULON Motor's marketing and service resources for a long time, and there were complicated relationships among YULON, CAC and NISSAN, besides, the sales condition was not mature and YULON was lack of experience in operating a new brand, causing the sales of FEELING was in standstill in the later stage, in the last year of FEELING's product life, YULON and CAC finally ended the thirty years of cooperation in production and sales in 1988 because of FEELING.

With the changes of overall production and sales system and decline of FEELING's sales performance, during 1994~1998, YULON Group was taking the strategy of combination of production and administration, process reengineering and differentiation to make a change. During 1999~2003, with the cooperation with international strategy to invest on Philippine NISSAN and establish Fengshen Automobile jointly with Dongfeng Automobile Group to explore markets in Southeast Asian and Mainland China, YULON was transiting to manufacturing services industry. After learning the lesson from the previous marketing event on FEELING, apart from the joining of major shareholders such as hTC Corporation, Everlight and their subcontractors etc. In the internal resource integration of Taiwan YULON Group, Hua-Chuang Automobile Information Technical Center was taking the lead in the development of self-owned brand. Apart from good quality, the biggest characteristic of the new automobile was the combination of precise technology and abundant electronic equipments, in 2009, the first smart technology automobile brand LUXGEN came into the market. In the initial stage, LUXGEN didn't use price as an appeal, which was different from the normal marketing methods adopted when launching a new automobile, but integrated the world's No.1 high technology industry in Taiwan to make the consumers have a different cognition of LUXGEN brand with normal automobiles from the perspective of automobile specification, performance and allocation. In the first stage, "Brand Taiwan" was used in the advertising and marketing strategy to come into the market. And the facts showed that, the brand positioning of the world's first automobile with smart technology was deeply implanted in consumer's heart, since the LUXGEN7 MPV's official hand over in September 2009, LUXGEN have been establishing its brand recognition among those strong and competitive competitors in Taiwan automobile market, furthermore, with the successive launch of LUXGEN7 SUV and LEXGEN7 CEO, LUXGEN become the top 6 brand in Taiwan automobile market in 2010 with the market share of 5.1% [22]. It's been 23 years since YULON firstly launched the FEELING automobile with self-owned brand in 1986, two self-owned brands were launched in different times, but with totally different outcomes. .

### **3. METHODOLOGY**

In marketing advertising strategy, the stimulation of differential threshold in psychophysics is normally used as sales tactics. Psychophysics is a science studying on stimulation and sense, Fechner proposed measuring methods of sense and relevant theories in the book of *Element der Psychophysik* in 1860. The development of psychophysics can be divided into theory of signal detection and sensory magnitude. The scope of influence had expanded the psychophysics' scope of application, expanding from the previous sensory threshold measurement to the study of sensory process, learning, memory, social behaviors and other issues etc [21] .

Differential threshold means the sensory system is sufficient to sense the differences of different stimulation, within the scope of absolute threshold; it can perceive the minimum value in the changes of stimulation quantity. For example, one student is carrying a schoolbag of 1kg, if a paper cup of 20 grams is added, such student will not sense the difference in weight, however, if a mug of 300 grams is added, the sense of difference in weight will be obvious, then "300 grams" is the value of differential threshold. From the concept of differential threshold, the addition of mug changes the weight of schoolbag, which should be above the differential threshold. According to the principle of differential threshold, the consumer's sense of differences between two stimulations is a relative effect but not the absolute differences. For example, if McDonald is promoting a double beef burger and the price is the same as before, the marketing personnel will hope that consumers will experience the perceptive stimulation. From consumers' perception to the differences of two stimulations, especially perception in product price, consumers can

obviously sense the price reduction or quality improvement. Whether the consumers' reference price in mind is high or low is an important factor in determining price perception. Such methods are commonly used in sales promotion, such as t-shirt, original price was \$25, now \$9.9 only, trying to establish a reference point in consumers' mind [2] [8] [10] [11].

- In the beginning of 2002, in Taiwan automobile market, Ford Metrostar was competing with the strong competitor TOYOTA Camry. Ford Metrostar emphasized its German car ancestry in market segmentation to participate in such fierce competition. For example, in the advertising film, it quoted the story of "The blind man and the elephant", making the best use of sensitive function of hearing sense, delivering the ideas that even the blind person can sense the taste of a German Benz (<http://www.youtube.com/watch?v=sfv81LdLKeM>). The automobile advertising amplifies the product image from the perspective of differential threshold, making the consumers to notice that Ford Metrostar possesses the production workmanship of meticulousness and high quality as German automobile. In its sales strategy, it adopted the strategy of limited quantity in supply and favorable price with high class automobile homes interior decoration, attracting the attention of consumers who are in favor of German cars, and taking the lead in the automobile market with excellent market share in that quarter.
- An Ad named as "Printing 800 pieces at one time" for Canon PIXMA E600 printer was published in Taiwan Business Weekly in May 2012, using a title with double meanings: "Ho(thick)! Printing 800 pieces at one time", showing the differences of the product from other competitive brands. The printed photo was a photo of French bulldog instead of the traditional photo of family fun, and the target audience was the young generation who loving pets instead of family fun. That was to say, if the economical young generation needed to choose a printer, such printer would be their perfect choice. The overall article in the magazine illustrated that, among the same printers, Canon PIXMA E600 was printing more pieces than others, the stimulation of differential threshold on printable pieces indicated that it would help the consumers to save the expensive ink costs for the printer, which would shorten the consumers' time of making purchase decision and increase their purchase intent.

With the improvement of technology and vehicle manufacturing workmanship, differences among automobile products have been narrowing gradually, and with the change of consumers' living styles nowadays, consumers' requirements on automobile are different from the past, in respect of commodities that consumers have recognized and adapted, brand advertising becomes an important factor to influence consumers' purchase intent. Taiwan YULON Group's self-owned brand LUXGEN automobile integrated the industry of Taiwan's world No.1 information technology, besides, with the cooperation of Industrial Technology Research Institute, Chinese Academy of Sciences and other national institutions, and with Hua-Chuang Company as the partner, Taiwan YULON Group is capable of possessing differential products with competitive advantages. In the Taiwan automobile market with fierce competition, positioning the brand as smart technology automobile will create a differential sense stimulation in consumers' mind.

The purpose of this research is to study on that, when a new self-owned brand coming into market, whether the stimulation of product differential threshold has differences in the advertising communication of different communication media. There are various ways of advertising classification, according to scholar's conclusion, according to the media class, advertising can be divided into print advertising, broadcast advertising, outdoor advertising, transit advertising and outdoor advertising etc. Automobile advertising is applicable to nationwide media, such as television and magazine; however, the features of media in outdoor activity and onsite exhibition are easier to attract the potential target customer groups. Therefore, this research has selected 4 cases for study. From the collected data, we have selected cases with relatively significant performance in differential threshold as the study object of this research, case 1 and case 2 are the advertising magazine Ad and television commercial of LUXGEN automobile respectively when it coming into market; case 3 and case 4 are the outdoor marketing campaign and onsite sales exhibition hall of LUXGEN automobile respectively.

#### 4. ANALYSIS AND FINDINGS

Automobile is a product of high involvement, consumers will search information on automobile brand through various channels for the references of appraising an automobile brand and for their favorites which will determine their final choice of brand[19]. Automobile industry normally establishes an automobile's brand image in consumers' mind through advertisement; therefore, such advertisement must accomplish two tasks: attract attention and deliver the meaning. Advertising is an action to influence consumers through delivering message to them. The so-called message extensively refers to the presentation of all kinds of characters, pictures and sounds carrying delivery meanings, and its purpose is to deliver and present the carrying contents [6]. Ducoffe (1996) indicated that, through the transmission of message, advertisement will form the so-called advertising value in consumers' mind, so as to influence consumers' behavior, advertising attitude, and even the purchase intent[9].

According to the consumers' favorites in different times, advertising design with differential threshold is easier to attract consumers, generate brand cognition and further form a positive attitude, creating a better advertising effect than the traditional marketing methods.



**FIGURE 1:** LUXGEN7 MPV Magazine Ad.

Figure 1 demonstrate an example of LUXGEN utilizing a magazine Ad. to persuade costumers that the technology products would no longer be cold but closer to you as a family.

The magazine Ad on LUXGEN7 MPV (see Figure 1) used being smart humanizes technology as a catch and took humanoid robot as visual performance, emphasizing the positioning of LUXGEN brand as smart technology automobile. The creative concept emphasized in the whole article was that: because of LUXGEN, technology products would no longer be cold but closer to you as a family. The structure feature of humanoid robot and two structures of knowledge of the automobile had extended the relational similarity [7], according to the technique of expression using humanoid robot as metaphor; obviously, the LUXGEN7 MPV's meticulously care to the passenger through high technology allocation was the selling point of such article. From the catch and four pictures of internal allocation, the LEXGEN7 MPV is equipped with world's first full functioned vehicle smart computer LUXGEN THINK+ automotive integrated information platform, Eagle View+ 360° displaying of automobile body, "Side View+ blind spot monitoring system" could also display the automobile's side image on the screen, together with the comfortable interior seat and through the visual impact with picture of humanoid robot and the anchor of advertising catch, it indicated that the differences of LUXGEN7 MPV from other competing vehicles were that LUXGEN was of high technology allocation. Besides, in the article, detailed words were used to explain the catch of being smart humanizes technology, demonstrating that because of being smart, LUXGEN is just like your trusty housekeeper, protecting you and your kids in a safe castle. LUXGEN7 MPV further widened the distance between its own allocation and that in other competing brands, trying to change the readers' traditional impression on the current existing cold technology products.



**FIGURE 2:** LUXGEN7 MPV Television Commercial "Guardian".

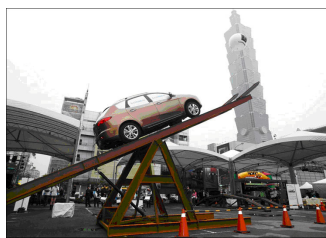
High technology humanoid robot was interpenetrated appropriately in the video, the utilization of visual language further convince customers that LUXGEN smart technology can help you to solve such problems.

Case 2 is a snapshot (see Figure 2) from LUXGEN7 MPV's television commercial "Guardian" when LUXGEN7 MPV came into market in 2011, it was produced by Shape Advertising. The super in the frames of ending cut said: Automobile starts to understand love(<http://www.youtube.com/watch?v=qtUBZwDZ7jI&feature=relmfu>). The video was full of emotional background music and overlapping sound (OS):

*Because human's eyes cannot see everything  
Because the light cannot penetrate every dark place  
Because of "think ahead"  
Automobile starts to understand LOVE*

We can know that such television commercial utilize smooth frames to deliver the meaning, television advertising was still the media delivering the message of LUXGEN the fastest and most extensive. In the end of each OS, it interpenetrated the high technology allocation of LUXGEN. In the video, the driver (father) and the passenger (daughter) are the characters being protected, besides, high technology humanoid robot was interpenetrated appropriately in the video, the utilization of visual language portrayed that in the urban traffic, there are dangers of being hit at any time, drivers cannot see everything on the dark road, and LUXGEN smart technology can help you to solve such problems. The whole video clearly portrayed the brand positioning and smart technology of Taiwan self-owned brand LUXGEN, and the meanings expressed in the video aroused the target customer groups' requirements to protect their family all the time.

With hundred years of development, the automobile had entered into the whole new smart automobile generation from the traditional automobile, and the key was being smart. LUXGEN7 SUV was positioned as the world's first automobile with smart technology, allocated with Think+ vehicle integrated information platform, among the same high technology products, it has become the indispensable allocation in many high price automobiles. LUXGEN used the television commercial to deliver the facts that the overall allocations of the vehicle are of excellent quality and reasonable price, making up the insufficiency in popularity in the initial stage when a new brand coming into the market.



**FIGURE 3:** LUXGEN7 SUV Brand Experience Campaign.

LUXGEN demonstrated in a campaign that while all glass windows of LUXGEN were covered, the driver was able to blindly drive the LUXGEN7 SUV on a narrow ascending steep road.



The event of LUXGEN brand experience campaign (see Figure 3) was held in Xinyi Planning District, Taipei City, Taiwan. The greatest feature of an outdoor activity was that consumers can actually experience the benefits of the product. In the beginning of the activity, all glass windows of the LUXGEN were covered, the driver drove the LUXGEN7 SUV with the vehicle body covered and surmounted the simulated small route in the way of blind driving on overland, and the LUXGEN7 SUV distinguished itself with the assistance of the advanced Eagle View<sup>+</sup> and Side View<sup>+</sup> technology. The LUXGEN brand experience meeting was not so much a part of the marketing advertising activity as an activity allowing consumers to experience the fun of driving with high technology. Of course, normal consumers would not cover their automobile windows when driving on the road, with respect to the smart technology allocations equipped in LUXGEN, consumers might heard about them in other high price import vehicles but never actually experienced them, and they would not sense how such technology will help when driving a automobile. LUXGEN7 SUV was equipped with smart 3 models 4WD system, the features of 4WD can also be executed to go forward when encountering a steep slope. When the seesaw was facing downwards, dangerous descent would be simulated, which indicated the excellent braking performance of LUXGEN7 SUV. With the control of 4WD system and traction control system (TCS), the risk of losing control of vehicle would be reduced, when encountering surface gathered water on rainy days or in case of oil leakage, the TCS can be utilized to get through such risks. The LUXGEN had integrated Taiwan's unique high technology industry, allowing consumers to own an automobile at a reasonable price with multiple values.



**FIGURE 4:** LUXGEN Exhibition Hall.

In the experience theater, consumers could interact with the virtual reality screen in an independent and undisturbed space, experiencing six major functions of THINK<sup>+</sup>, Eagle View<sup>+</sup> 360° and Night Vision<sup>+</sup>.

The LUXGEN exhibition hall (see Figure 4) imported the touring concept of automobile museum, which was different from the traditional concept of automobile exhibition hall. It illustrated the technology-based brand and product experiencing process, providing five unique services, namely welcome reception, digital technology experience, experience theater, FOYU and expert inquiry system allowing consumers to experience sales and services differential processes through actual experience and interaction, such unique and special sales tactic and space exhibition had brought totally different vehicle purchase services and feelings to the consumers.

In the digital technology experience area, consumers could use 32 inches touch screen to acquire information on the brand, product, dynamic test drive, automobile handover procedures and negotiation assistant etc. In particular, in the experience theater, consumers could interact with the film to feel the similar virtual reality in an independent and undisturbed space, experiencing six major functions of THINK<sup>+</sup>, Eagle View<sup>+</sup> 360° and Night Vision<sup>+</sup>, after the virtual interactive experience in experience theater, consumers could master the product characteristics more clearly when in actual test drive. Consumers could not only see but also touch when in the automobile exhibition hall. Seeing is believing. The abundant audio video contents in exhibition hall allowed consumers to have an all-around cognition on LUXGEN products before actually appreciating the automobile.



In the automobile market in 2010, automobiles of the same level with and in the same price zone as full-size MPV of LUXGEN7 MPV included TOYOTA Previa 2.4 from Japan and Chrysler Town & Country from the U.S.A (see Table 2).

From the perspective of home-made automobile, the price of LUXGEN7 MPV seemed a little high, however, when comparing with the imported automobiles of the same level, LUXGEN utilized Taiwan's unique global electronic technology, with the joint research and development with renowned smart mobile phone practitioner hTC, it was equipped with comprehensive vehicle integrated information platform – LUXGEN THINK<sup>+</sup>, possessing the six major functions of entertainment system, telephone communication, satellite navigation, traffic safety, owner exclusive and system setup, which was the world's first full function Win CE vehicle smart computer. At the same time, LUXGEN7 MPV was also equipped with four global top advanced technologies, including Eagle View<sup>+</sup> 360° surround imaging system, Night Vision<sup>+</sup> night driving image enhancing system, Side View<sup>+</sup> blind spot monitoring system, and LDWS<sup>+</sup> lane departure warning system. The "Eagle View<sup>+</sup> 360°" indicated that when the gearbox was in reverse gear, the front seat screen would display the image around the automobile body. In order to reduce the blind spot when changing a driving lane, the "Side View<sup>+</sup>" could also display the image of automobile side on the screen through the CCD lens on the rearview mirror at the automobile side. What's more, the crash test of LUXGEN7 MPV had won the high appraisal of four stars from MIRA, an authoritative safety test institution in Britain, and the excellent structural design of automobile body even gained a high score of 15.8 (The full score in side crash was 16). Such assisting systems hadn't been equipped entirely in the general imported automobile, but LUXGEN7 MPV had already equipped them in home-made automobile. When comparing with the imported automobile, LUXGEN was of reasonable price but in possession of equipments that only high class imported automobile at the price of nearly NT\$4 million would possess. In addition, the marketing advertising had led the consumers to sense the product differences, accumulating LUXGEN's brand popularity in the initial stage of coming into market.

Automobile Type	LUXGEN7 MPV	TOYOTA New Previa	Chrysler Town & Country
Length/width/height(mm)	4845/1876/1768	4795/1800/1750	5096/1997/1749
Speed control system	*Aisin 5AT + AMT	4AT + AMT	4AT
Engine type	2.2 DOHC 16V + Turbo	2.4 DOHC 16V	3.3 V6 OHV 12V
Horsepower	175hp/5200rpm	170hp/6000rpm	174hp/5100rpm
Electronic assistant	*ESC	S-VSC	—
Brake system	*4-wheels disc brakes	—	—
Front seat LCD	*10.2 inch	7 inch	—
Backseat video and audio system	*10.2 inch	10 inch	7 inch
Satellite navigation	*●	Optional	—
Automotive integrated information platform	*●	—	—
Technology auxiliary system	*●	—	—
Price (NT\$)	*1.068 million	1.59 million	1.179 million
Time-to-market	2009/08	2006/02	2006/06

**TABLE 2:** Comparison Table of LUXGEN7 MPV and Automobiles of the same class in 2010  
\* : factors that show LUXGEN's significant advantage in contrast with the other two vehicles.

## 5. CONCLUSION AND IMPLICATIONS

The main purpose of marketing activities is to create values for customers, when creating values, requirements arise, so marketing is the channel for advertising communication. This research has studied on the self-owned brand LUXGEN developed by YULON Group, from the 4 cases, we found that the influence of stimulation of differential threshold on the advertising of LUXGEN automobile's coming into market was significant. Apart from the higher added values of the product itself and greater differences between the product and other competitors, the reasons for significant influence also included the application of stimulation of product's differential threshold in different marketing medias, those were the important factors why such brand could promptly enter into the market when initially coming into the market.

In the end of 20<sup>th</sup> century, many traditional OEM industries in Taiwan started to switch to self-owned brands of high values, such as GIANT bicycle, acer computer etc. As to the self-owned brand automobile developed by YULON, after experiencing several stages, from the technical support of Japan NISSAN and to the exit of CAC's sales system, YULON has switched from the role of manufacturing capacity expansion towards the self-owned brand. The segmentation of OEM and branding business had divided into two companies, namely YULON and YULON-NISSAN respectively, allowing YULON to get over the shackles of foreign automobile factory and have space to develop self-owned brand. After years of efforts, the overall quality of manufacturing automobiles in Taiwan had become close to standards of advanced countries. With integrated industrial chain, the automobile manufacturers had established production scales to develop top-ranking products. With the sharply rise of mainland's market in recent years, YULON had integrated the competitive advantages in logistics across Mainland China and Taiwan to expand the scale of LUXGEN automobile to reduce the costs, achieving the significant reduction of costs with massive economic production(see Table 3).

	<b>FEELING</b>	<b>LUXGEN</b>
GDP at year of debut	USD 4,007	USD 16,359
Technological innovation	Operate and control	High tech LUXGEN THINK <sup>+</sup>
Product positioning	Urban type sport sedan	Multiple passenger sports utility vehicle
Advertising strategy	Sporty speedster	The world's first smart technology automobile
vehicle types	1	3(increasing)
Production and sales	Separated production and sales	Combined production and sales
International market	—	Mainland China, Russia
Organizational management	—	Production and sales service in place at the same time
Customer service	—	Digitalized sales maintenance service
Time-to-market	1986~1988	2009~

**TABLE 3:** Comparison of Competitive Advantages of Self-owned Brands Successively Developed by YULON Group.

For a long time, the sales status of Taiwan automobile market was in standstill due to the traditional sales model. Comparing to other countries and regions, Taiwan's automobile market was small in scale and with various brands. With the marketing method of differential threshold, the LUXGEN had provided the customers cognitions of the brand LUXGEN different from that in normal automobiles, so that customers could make a choice according to their cognitions. Customers were able to sense the differences of allocations, which improved the brand recognition during the initial stage of coming into the market. The higher exposure rate of the brand indicated higher opportunity to be known by the customers, so was the higher opportunity

of being chosen, meanwhile, it could also help customers to be capable of arousing and strengthening their memories on the brand.

In the last decade, with the development of computer technology, the modeling of automobile's body and its components could be more complicated and accurate, accelerating the progress in automobile's design for manufacturing and reducing the costs of vehicle type development. In the past, international automobile factories even needed to design components by themselves, however, currently, the development of computer technology had helped the component manufacturing industries to improve their design capability. LUXGEN7 MPV entered into the market with the brand positioning as the world's first automobile with smart technology, bringing significant influence on the upgrading and development of Taiwan's automobile industry; besides, with the worldwide top advance technology and provision of higher cognition values to target customers, the LUXGEN7 MPV had widened its differences with other competing brands.

The current vehicle type of LUXGEN automobile included MPV, SUV and Sedan, satisfying diverse market requirements with abundant vehicle types. According to the role shown in the advertisement, we could know that the target audience of LUXGEN were mainly adult male. With the completion of subsequent product lines, target audience could expand to female and young generation. The brand strategy of LUXGEN automobile was to operate high brand value, position middle and high-end price, and apply appearance, internal decoration and allocation as its competitive advantages. The establishment of marketing methods was a very critical factor for success in developing self-owned brand. In respect of channel service, LUXGEN automobile initiated the global 3D automobile experience, importing 3C technology allocation into the exhibition hall by extending the brand spirit of smart technology. Upon LUXGEN5 Sedan's coming into market, LUXGEN automobile had upgraded the original automobile exhibition hall, launching the worldwide pioneering LUXGEN's actual automobile exhibition hall in the future, which overturned the concept of traditional automobile exhibition hall, applying 3C technology completely in the process of automobile appreciation. At the same time, since 2009 when the first LUXGEN automobile product came into market, as time went by, the expansion of maintenance service networks and improvement of maintenance service efficiency would also become one of the competitive priorities. Since the domestic sales of automobile started to go for quantity gradually, the more the automobile sold, the greater pressures and requirements in after-sale services, and the accumulated maintenance problems would damage the intrinsic brand image.

In September 2010, YULON Motor and Dongfeng Automobile officially established joint venture Dongfeng YULON Automobile Company, manufacturing and selling the brand LUXGEN. In July 2011, LUXGEN7 SUV was selected as the first joint venture vehicle type of Dongfeng YULON, after production in Mainland China, it was given a Chinese name as "BIG LUXGEN7 SUV". In 2012, the brand LUXGEN planned to put LUXGEN7 MPV and LUXGEN5 Sedan into production in mainland market, copying the successful experience in Taiwan to Mainland China market. In the coming ten years, LUXGEN will launch 11 new vehicle types of automobiles in mainland market, covering SUV, MPV, Sedan and Roadster. Meanwhile, YULON Group will cooperate with DERWAYS, a private operated automobile manufacturer in Russia, to establish the first overseas subsidiary in Russia other than Taiwan and Mainland China, so as to achieve the brand competitive advantages afterwards, furthermore, it will also be possible to develop successful automobile of self-owned brand.

This research had studied the influence of differential threshold stimulation on the marketing advertising of self-owned brand LUXGEN. The import of technology and special business model of Taiwan automobile will not only strengthen the competitiveness of Chinese automobile, but also will help LUXGEN automobile in its further interest to the global market in the future, which is also a direction of subsequent research. Future approach may include quantitative research to analyze the difference of customer's behaviors for Mainland China and Taiwan. Difference of advertising value in terms of the effect of differential threshold stimulation will be discussed.

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