

sites such as newyorktimes.com and others have used a fee-for-service model, at least for the highest-volume users.

Assess the launch strategy used by Hulu. To what extent was being a first mover critical to its success? What about the relatively less-common practice of severe competitors (in this case, the three top networks) working jointly in the foundation of this company? What are the risks to Hulu of being first to market? Also, since they were already successful with the original free-service model and profitable through advertising revenue, is it wise for them to move to a fee-for-service model?

Case: Dodge Nitro²⁰

Although the sport utility vehicle (SUV) market has been declining in recent years, this car category has continued to be profitable for carmakers competing in the North American marketplace. Dodge, a division of Chrysler, has competed in the SUV market with one product: the full-size Dodge Durango. By contrast, in 2006, Ford and Chevrolet were carrying four and five SUVs, respectively, and Toyota had five in its line and was about to add a sixth. Much of the action in recent years has been in the smaller or "mid-size" SUV segment with another Chrysler product, the Jeep Liberty, being one of the big competitors. Dodge wanted to add a mid-size SUV to its lineup. There are two major hurdles facing Dodge: First, it must figure out how best to leverage its carmaking skills to design a competitive mid-size SUV; then, it must carefully plan the launch strategy and tactics so that sales of the new vehicle, to be named the Dodge Nitro, will reach new target markets and not just cannibalize sales of the Durango or the Jeep Liberty.

The design problem would seem easy to overcome. Platform sharing is, of course, quite common in the car industry. Car platform development is notoriously expensive, and carmakers like using a single platform to support several models over the course of a few years in order to spread out the cost of the platform over a large number of vehicles. At Chrysler alone are several examples of cars that share platforms: The Dodge Durango shares a platform with the Chrysler Aspen, while the Dodge Grand Caravan and Chrysler Town and Country also are twins. The Dodge Charger, Dodge Magnum, and Chrysler 300 are triplets, as are the Jeep Patriot, Jeep Compass, and Dodge Caliber. It would be logical to use the Jeep Liberty platform as a basis for the Dodge Nitro. According to Chrysler policy, however, Jeep platforms are not shared with non-Jeeps. But company policy also said that Mercedes components would not be used in Chrysler or Dodge products and vice versa, and under new company leadership, these policy rules have begun

²⁰Information for this case is from the Dodge Nitro Web site (formerly at www.dodge.com/nitro); "Marketing Campaign for the All-New 2007 Dodge Nitro Is Set to Reignite on November 5 Across Multiple Media Platforms," press release from Chrysler, www.prnewswire.com, November 3, 2006; Jim Mateja, "Will Dodge Dealers Regret Getting What They Wished For?" *Chicago Tribune*, December 21, 2006; Ann M. Job, "Dodge Nitro SUV Explodes onto Scene," *Newhouse News Service*, January 18, 2007; Mark Vaughn, "She's Gonna Blow!: 2007 Dodge Nitro Fuels Brand Expansion," *AutoWeek*, October 9, 2006, p. 8; Joe Lorio, "Liberty's Child: Dodge Nitro Concept," Automobilemag.com, May 5, 2006.

to be broken. For example, the Chrysler Crossfire featured a Mercedes engine, and the Chrysler 300 and Dodge Magnum used Mercedes components as well. The decision was made to break company policy: The new Nitro would be built on the Liberty platform.

Every effort was made to distinguish the Nitro from its close relative, the Liberty. The design was noticeably different, as the Nitro was given a bold, athletic look, including options such as 20-inch chrome-finished wheels and a four-inch-longer body. Both 210 horsepower and optional 260 horsepower engines are available. A Load 'n Go cargo floor, located in the trunk, slides in and out, making loading and unloading heavy cargo much easier. The Nitro dashboard comes with an optional entertainment and navigation system with a 20-gigabyte hard drive. Needless to say, the Nitro and Liberty, when parked side by side, look very different from the front, the Nitro having the Dodge "cross-hair" grille while the Liberty has the familiar Jeep seven vertical "slots." Among mid-size SUVs, often described as having bland styling, the Dodge Nitro is viewed as being much more masculine in appearance. In fact, in the Nitro marketing literature, the Liberty was surprisingly not even mentioned as one of the direct competitors: The Nitro was designed to go head to head against competitive mid-size SUVs such as Ford Escape, Nissan Xterra, and Chevrolet Equinox.

The focus on masculine styling is no coincidence. The entry-level SUV market is dominated by female buyers (about 55 percent in 2006). Dodge marketing director Tom Loveless notes that the masculine styling of the Nitro is designed to appeal to the male segment while at the same time being attractive to women. The more masculine positioning for Nitro seems to fit well with the established position of Dodge and its "Grab Life by the Horns" promotion for the Dodge Ram.

The launch tactics for the Nitro must be consistent with this positioning strategy. First, Dodge realized the importance of the Internet as an information source. No expense was spared in designing the Web site, where prospective buyers could virtually walk around the Nitro and, if inclined to buy, even easily go through the credit process linking them to Chrysler Financial. TV advertising included a spot on the the 2006 World Series in October, followed by a more intense campaign beginning in November with advertising on NFL football, NHL hockey, and NASCAR car racing coverage, as well as popular prime-time shows and late-night talk shows. DirecTV is also well represented: Dodge is a major sponsor of *NFL Sunday Ticket* and is advertised on several other programs. Print ads were run in dozens of magazines, including those aimed at the general market (*Men's Fitness*, *Rolling Stone*, *Sports Illustrated*) and at multicultural markets (*Jet*, *Fox Sports en Español*, *India Today*, *Korean Journal*). The Nitro was integrated into the Xbox NHL 2K7 game and offered as first prize in an online video competition held in late 2006.

In addition to the above, movie theater ads, radio, direct mail, and other promotions were also planned. Several humorous 15- or 30-second TV spots aimed at the African American and Hispanic markets were developed. Media typically used for the "Grab Life by the Horns" campaign (such as men's magazines) as well as media aimed more at women were used. The latter included TV programming such as *Desperate Housewives*, magazines such as *Martha Stewart Blueprint*, and

Web sites such as hgtv.com. Nevertheless, the prime target remained men, and in particular, men passionate about sports, fitness, and social networking.

① Comment on the strategic and tactical elements of the Nitro launch. How did Dodge do, in your assessment? If you were a Dodge dealer, would you be thrilled about adding this new SUV to your lineup, or would you be fearful that the new vehicle would just draw sales away from Jeep Liberty? Explain your assessment of the tactical components of this launch using the terminology of this chapter.

ANSWERS TO THE INQUIRIES

1. The target market for the Dodge Nitro is men, aged 25-40, who are passionate about sports, fitness, and social networking. The target market is defined by demographic, psychographic, and behavioral characteristics.

2. The Dodge Nitro is a mid-size SUV. It is designed to appeal to men who are passionate about sports, fitness, and social networking. The Dodge Nitro is a mid-size SUV. It is designed to appeal to men who are passionate about sports, fitness, and social networking.

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