

CHANGING BRAND IMAGE
AND REPOSITIONING :
A CASE STUDY ON TOFAŞ

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by

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Fatih University

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To My Family, Ruşen İnceođlu & Gölşen İnceođlu

APPROVAL PAGE

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Arts.

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AUTHOR DECLARATIONS

1. The material included in this thesis has not been submitted wholly or in part for any academic award or qualification other than that for which it is now submitted.

2. The program of advanced study of which this thesis is part has consisted of:

- i) Research Methods course during the undergraduate study
- ii) Examination of several thesis guides of particular universities both in Turkey and abroad as well as a professional book on this subject.

Özgül Özgüle

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ABSTRACT

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CHANGING BRAND IMAGE AND PREPOSITIONING: A CASE STUDY ON TOFAS

At the present time, regarding the peak of the IT and communications techniques, the consumers preferences, shortening the distances, an environment that the time limits are over, Companies are facing to endure challenge and keeping the market segments for developing, quality, fast and low cost products. However, to keep a product in this dense challenging environment, the brand has to be composed in consumer's minds. A brand's power is directly current with the consumer's purchasing behaviours.

Brand image is a strategically important issue for consumers and the producers. It is important for the companies to give an 'identity' to a product in order to promote, to locate (position) and to keep it in the market.

Consequently, to strengthen the brand image, companies are evaluating very effectively to all communication channels, from the service quality of the advertising and public relation activities to the presentation of the product as well as the design of the web sites.

In this project, the strengthening, the renovating and the positioning of the brand image is observed and a sample company, Turkey's biggest automotive producer 'Tofaş' Türk Otomobil Fabrikası's company-brand actions are evaluated. Tofaş has started a built up a new organisation in 2002. In this research, the reason of these ongoing organisation, the aim and the target, the marketing plans, communication and advertising strategies, messages regarding the consumers, previous events are presented.

Key words:

Brand

Brand image

Communication

Consumer

Challenge

KISA ÖZET

ÖZGÜL ÖZGÜLE

Ocak 2007

MARKA İMAJININ DEĞİŞTİRİLMESİ VE YENİDEN KONUMLANDIRILMASI ÜZERİNE BİR ÇALIŞMA : TOFAŞ

Günümüzde, bilgi ve iletişim teknolojilerinin ulaştığı nokta, tüketici tercihlerinin değişmesi göz önünde bulundurulduğunda, mesafelerin kısaldığı, zamanla ilgili sınırların ortadan kalktığı bir ortam içerisinde, firmalar, mevcut rekabete dayanabilmek ve pazar paylarını koruyup daha da geliştirebilmek adına, kaliteli, hızlı ve düşük maliyetlerle üretim yapmaya yönelmiştir. Fakat bir ürünü bu yoğun rekabet ortamı içerisinde tutundurmanın en iyi yolu, markayı tüketicinin zihninde oluşturmaktır. Bir markanın gücü, günümüzde tüketicinin satın alma davranışına etki edebilmesi ile doğru orantılıdır.

Marka imajı, gerek tüketici ve gerekse firma yönünden stratejik önem taşıyan bir kavram haline gelmiştir. Firmaların ürünlerini tanıtmaya, pazara yerleştirme (konumlandırma) ve tutundurma adına, o ürüne bir "kimlik" kazandırmak giderek önem kazanmaktadır. Bu sebeple firmalar, marka imajlarını güçlendirmek amacıyla, reklam ve halkla ilişkiler çalışmalarından sundukları hizmetin kalitesine, ürünlerinin tüketiciye sunumundan internet sitelerinin tasarımına kadar, nihai müşteriye ulaşan her kanalı daha etkili değerlendirmeye çalışmaktadır.

Bu çalışmada, marka imajının güçlendirilerek yenilenmesi ve konumlandırılması incelenmiş ve örnek firma olarak Türkiye' nin en büyük otomobil üreticilerinden Tofaş Türk Otomobil Fabrikası' nın kurum-marka çalışmaları ele alınmıştır. Kurumun 2002 yılında başlatmış olduğu ve şirketin yeniden yapılandırma faaliyetlerine paralel olarak yürütülen çalışmaların sebepleri, amaçları ve hedefleri, pazarlama planları, iletişim ve reklam stratejileri, tüketiciye yönelik mesajlar ve yapılan etkinlikler, bu konuyla ilgili olarak gerçekleştirilmiş araştırmalar ile birlikte sunulacaktır.

Anahtar Kelimeler:

Marka

Marka İmajı

İletişim

Tüketici

Rekabet

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CHAPTER I

THEORETICAL BACKGROUND

For individual products, in developing a marketing strategy, the seller has to confront the branding decision. In product strategy, branding is a major issue. On the one hand, power lies with the brand name companies and on the other hand, developing a branded product requires a great deal of long term investment spending, especially advertising, consumer research, sales promotion, packaging and public relations. In this chapter, given importance of brands for companies, it would be useful to look at some theoretical knowledges and notions about brands.

1.1. WHAT IS BRAND?

“Products are created in the factory. Brands are created in the mind.”

(Walter Landor, Founder, Landor Associates)

In the last quarter of the 20th century the position of brands and branding changed completely. Brands became dominant in the minds of the consumer and increasingly in the minds of all the other audiences of the corporation including shareholders and employees. Financial audiences now know that brands are an intangible asset that raises share price. People like to work for companies whose brands are well known and respected. Above all, consumers have fallen in love with brands. By the turn of the century, brands had been established as the greatest gift that commerce had brought to

popular culture. In the 21st century, brands have acquired a place in the world unimaginable in any previous period of history. ¹

If we need to compare the recent examples with former ones; a brand can be defined as more meaning than where the product belongs itself and whom the producer is. First of all, a brand has a name, design or packaging, a shape, color, voice, its logo, and an experience. It establishes a relationship with the sender and the customers by some attributes such as the reason for forming preference in consumers' mind and to distinguish from its competitors.

Alina Wheeler (2003) defines that brand is the promise, the big idea, and expectations that reside in each customer's mind about product, service or company. Branding is about making an emotional connection. People fall in love with brands – they trust them, develop strong loyalties, buy them, and believe in their superiority. The brand is shorthand: it stands for something and demonstrates it.²

Another definition for brand name is made by Kotler and Armstrong. They emphasize that a brand is a name, term, sign, symbol, or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and differentiate them from those of competitors. A brand

¹ Olins, W., (2000), "How Brands are Taking Over the Corporation", in Schultz, M., Hatch, M.J. and Larsen, M.H.(eds.) *The Expressive Organization*, Oxford: Oxford University Press

² Wheeler, A., (2003), "*Designing Brand Identity: a complete guide to creating, building, and maintaining strong brands*", New Jersey: John Wiley & Sons, Inc. p. 2

name is that part of a brand which can be vocalized – the utterable. Examples are Avon, Chevrolet, Tide, Disneyland, American Express, and UCLA. A brand mark is that part of a brand which can be recognized but is not utterable, such as a symbol, design, or distinctive coloring or lettering. Examples are the Pillsbury doughboy, the Metro-Goldwyn-Mayer lion, and the red K on a Kodak Film box. A trademark is a brand or part of a brand that is given legal protection – it protects the seller’s exclusive rights to use the brand name or brand mark.³

Each touch point, as shown in Figure 1.1., is an opportunity to strengthen a brand and to communication about its essence. These touch points are advertising, public relations, networking, presentation, employees, websites, exhibits, packaging, business forms, sales promotion, products, services, etc schematically represented in Figure 1.1.

Al and Laura Ries (2003) emphasize that an individual, a community, or a corporation name could also be stated as a brand. For example, Fethiye is a city name in Turkey located in south of the country. But also, it is a brand name for the tourism industries interested in promoting travel to this beautiful place. Philadelphia is a brand name for the leading cream cheese, but it is also a brand name for the city of brotherly love.⁴

³ Kotler, P. and Armstrong, G., (1991), “*Principles of Marketing*”, 5th edition, New Jersey: Prentice-Hall, Inc. p. 260

⁴ Ries, A. and Ries, L., (2003), “*The 22 Immutable Laws of Branding*”, Great Britain : Profile Books Ltd. p. 5

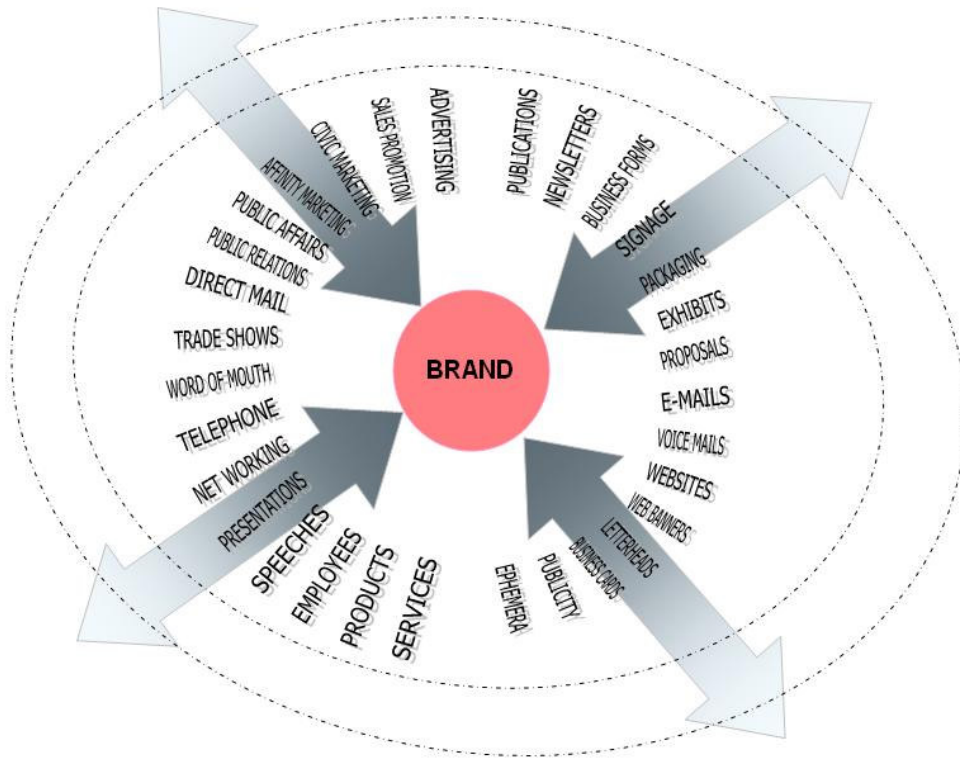


Figure 1.1. Brand Touchpoints (Wheeler, 2003, p. 3)

Today, everything bear brand names; even vegetables, fruits and water. Chiquita bananas, Washington Orange, Aqua Water and etc.. Branding has become so strong that today hardly anything goes unbranded.

The essence of the marketing process is building a brand in the minds of consumers. The power of a brand lies in its ability to influence purchasing behavior. But a brand name on a package is not the same thing as a brand name in a mind.⁵

⁵ Ibid. pp. 4 – 6

Why do you prefer Coca Cola? Why the name of Nokia comes into our mind, when asked a mobile phone brand? For which reason we order from McDonalds' when we want to eat a hamburger? Which intention drives a manager for purchasing a Xerox when a photocopier is needed? Or why Rolex is the world's best-known brand of expensive watch? Because, products are created in the factory and brands are created in the minds.

Kapferer (1992) states that a brand is not a product: it is the product's source, its meaning, and its direction, and it defines its identity in time and space. Businesses are discovering that brand equity must be managed, nurtured, and controlled. For many years, brands are examined through their component parts such as the brand name, its logo, design, or advertising, or image and name recognition, or very recently, in terms of financial brand valuation. However, real brand management begins much earlier, with a strategy and a consistent, integrated vision. Its central concept is brand identity through which brand image evolves.⁶

1.2. SIGNIFICANCE OF BRANDING IN A GLOBALIZED WORLD

According to Wensley, and Weitz (2002) brand management has been an important activity for some companies for decades, but branding has only emerged as a top management priority for a broad cross-section of

⁶ Kapferer, J.N. (1992). "*Strategic Brand Management*", New York : The Free Press. p. 4

organizations in the last decade or so. A number of factors have contributed to this trend, but perhaps the most important factor is the growing realization that one of the most valuable assets that firms have is the intangible assets that is their brand. Besides, creating strong brands have become the most important bottom-line on the basis of added benefits to a firm. As a consequence, branding principles have been applied in virtually every setting where consumer choice of some kind is involved, e.g., with physical goods, services, retail stores, people, organizations, places, or ideas.⁷

Throughout the historical development process, some kind of requirements have occurred as long as humanity's needs have become different. Utilization and usage forms, aims and requirements intended for the brand have also differentiated along the way of historical change process till globalization. Previously, symbols and signs whether used for identifying where the product belongs or whom the graffiti shaper is, recently, they have probably become foundation components which create today's "brand".

Through the history, people dealing with trade had put some kind of signs on the wall and goods, which would be sold, to make people have some knowledge regarding who the maker (or the producer) was and to whom it belonged. Early Egyptians, Greeks, Romans and Chinese had affixed the seal above crockeries for specifying quality and the region. In this way, if a recipient preferred any goods, they could know that, from where and how

⁷ Wensley, R. and Weitz, B. A., (2002), "*Handbook of Marketing*", Sage Publications Inc. p. 151

they were able to purchase these goods in the future again, on the other hand, it also helped to the consumer in case of a dissatisfaction regarding these goods. Likewise, local administrators had decided that affixing the seal was an excellent formula for the reason that it would facilitate collecting taxes on these goods.

Alycia Perry and David Wisnom (2004) indicated that the government promulgated 'The Law of Stigmatization to the bakers' in England, in 1266. According to this law, English bakers would stick the label or stamp on breads to point out the region and the origin of the products.⁸

In early sixteenth century, whisky distillers shipped their products in wooden barrels with the name of the producer burned into the barrel. The name showed the consumer who the maker was and prevented the substitution of cheaper products. In 1835 a brand of Scotch called "Old Smugglers" was introduced in order to capitalize on the quality reputation development by bootleggers who used a special distilling process. Although brands have long had a role in commerce, it was not until the twentieth century that branding became so important to competitors. The idea had been to move beyond commodities to branded products –to reduce the primacy of price upon the purchase decision, and accentuate the basis of

⁸ Perry, A. and Wisnom III, D., (2004), *Before the Brand: Creating the Unique DNA of an Enduring Brand Identity*, McGraw-Hill Professional, p.11

differentiation.⁹ These labels, stamps and seals were the first examples of the modern trade marks.

We can also define globalization; comprehensive term for the emergence of a global society in which economic, political, environmental and cultural events in one part of the world quickly came to have significance for people in other parts of the world. Globalization is the result of advances in communication, transportation and information technologies.¹⁰

Globalization was the battle cry of the last decade of 20th century. This phenomenon is not new or unique to this period. In the 19th century, colonialism was a potent force of globalization and created a multitude of cross-border trading links. For the first time, goods bearing a brand name were sent abroad in large quantities. Many of the cross-border trade links bearing branded goods, however, were limited to directly neighbouring countries and to the countries' colonial empires: British brands found their way to India, French branded goods to Indochina and Dutch brands to the Netherlands' East Indies. The reason for exporting these branded goods lay in demand that existed in the foreign markets for quality goods – especially among the colonial populations – and ability of manufacturers to produce goods at a low enough unit cost to be able to transport their wares halfway around the world. This was the effect of mechanization of both the means of

⁹ Aaker, D.A., (1991), "*Managing Brand Equity*", New York: The Free Press. p. 7-8

¹⁰ Globalization, (n.d.). Retrieved December 11, 2005, from http://encarta.msn.com/encyclopedia_1741588397/Globalization.html

production and transportation, and resulted in low marginal costs of each additional unit produced and shipped.¹¹

The next big milestone concerning globalization occurred after the Second World War, when new consumer brands appeared in Europe and in Asia. The difference with the colonial era was that, although being foreign brands, production facilities were largely located in the markets that they served. The reasons for arranging the matters in this way lay under the ground that they increased affluence among the general populations in Western Europe, Japan and urban areas in East and South-east Asia and Latin America.

The third big push for branding occurred in the wake of the erosion and subsequent demise of communism. The fall of Berlin Wall opened up previously inaccessible markets to foreign brands, not just in Eastern and Central Europe, but also markets that had previously been off-limits due to political sensitivities, such as Chile and South Africa. Deregulation of markets had allowed for flexible production and had led to increased competition.¹²

Gelder (2003) emphasized the effect that 'intensified globalization' had put on brands, had been spectacular. New brands were 'seemingly born

¹¹ Gelder, S.V., (2003), "*Global Brand Strategy*", Kogan Page, U.S. and Great Britain

¹² Ibid.

global', or at the very least experience a quick roll-out from home or lead countries into other markets.

Globalization describes the growing economic, political, technological and cultural linkages which connect individuals, communities, businesses and governments around the world. Globalization also involves the growth of multinational corporations (businesses having operations or investments in many countries) and transnational corporations (businesses without borders, in terms of the fact that these kind of corporations see themselves functioning in a global marketplace).

In this framework, entire earth had become a single, functioning open market without borders and frontiers in which multinational and transnational companies compete. Besides that, operating with quality based products and building a brand in consumers' mind had emerged as a consequence of the globalisation process.

1.3. BRAND IDENTITY

Defining what a brand is made of helps answer many questions that are asked everyday, such as: Can the brand sponsor such and such event or sport? Does the advertising campaign suit the brand? Is it opportunity for launching a new product inside the brand boundaries or outside? How can the brand change its communication style, yet remain true to itself? How can decision-making in communications be decentralized regionally or

internationally without jeopardising brand congruence? All such decisions pose the problem of brand identity and definition, which are essential prerequisites for efficient brand management.¹³

While brands speak to the mind and heart, brand identity is tangible and appeals to the sense. Brand identity is the visual and verbal expression of a brand.¹⁴ Kapferer (1997) indicates that brand identity is the common element sending a single message amid wide variety of its products, actions and slogans. This is important since the more the brand expands and diversifies, the more customers are inclined to feel that they are, in fact, dealing with several different brands rather than a single one. Thus, Kapferer defines that whether products and communication go their separate ways, customers could not possibly perceive these different routes as converging towards common aim and brand.¹⁵

Identity supports, expresses, communicates, synthesizes and visualizes the brand. It is the shortest, fastest, most ubiquitous form of communication available. You could see it, touch it, hold it, hear it, and watch it move. It begins with a brand name and a brand mark and builds exponentially into a matrix of tools and communications. On applications from business cards to

¹³ Kapferer, J.N., (1997), "*Strategic Brand Management: Creating and Sustaining Brand Equity Long Term*", 2nd edition, London: Kogan Page. p. 90

¹⁴ Wheeler, A., op.cit. p. 4

¹⁵ Kapferer, op.cit., p. 91

websites, from advertising campaigns to fleets of planes and signage, brand identity increases awareness and builds businesses.¹⁶

Brand identity clarifies brand's particular vision and aim, and also defines its permanent nature, what the brand's value / values are, which necessity makes the brand is fulfilling, and for which reason it differentiates from others.

1.3.1. Brand identity models

Bartels and Nelissen (2002) indicate that consumers use brands when they perceive a risk. An organization also related to risks as soon as the brand is becoming a significant asset. The more an organization can handle its brand, the less risk there is from a managerial perspective. There are several brand identity models that can serve as tools for handling the risk. In this division, two models will be analyzed. The premier one is the brand prism of Kapferer (1992), and the farther is the brand identity system of Aaker (1996). These are the two of most important ones. The core of both models is the combination of several aspects that make the identity unique.¹⁷

In order to encode the message, Kapferer (1997) suggest that a brand's identity could be integrated into a prism model with six facets (physics,

¹⁶ Wheeler, A., op.cit. p.4

¹⁷ Bartels, G. and Nelissen, W., (2002), "*Marketing for Sustainability: Towards Transactional Policy-Making*", IOS Press. p. 238

personality, culture, relationship, reflection, and self-image) and two dimension (internalization - externalization, and image of sender-image of recipient). In comparison, physics, relationship, and reflection externalize the brand towards a target group while personality, culture, and self-image internalize the brand resource into the company and customer's mind.¹⁸

David Aaker, however, treats brand identity as one element of brand management within organization. Aaker explains how to build strong brands. In this process brand identity plays an important role. To deal with brand identity, Aaker developed a brand identity system. In this system brand identity is a tool with which to build a relationship between the brand and its consumers. The brand identity helps to associate the brand in the mind of the consumer.¹⁹ Aaker suggests that the dimension of a brand identity can be selected and enacted from a menu of brand meanings referred to as the extended core of a brand identity.²⁰

1.3.1.1. Kapferer's brand prism model

Kapferer (1997) distinguishes six elements of brand identity, which he placed in a prism (see Figure 1.2.) that helps us to understand the essence

¹⁸ Rao, K. J. and Hedberg, B., (2002), "*Managing Imaginary Organizations*", Elsevier, p. 167

¹⁹ Bartels, G. and Nelissen, W., op.cit., p. 240

²⁰ Rao, K. J. and Hedberg, B., op.cit., p. 167

of both brand and retailer identities. This hexagonal prism contains two opposite positions.²¹:

- Internalization of the brand versus the externalization of the brand. In other words, the incorporated characteristic versus visible facets that give a brand its outward expression.
- A picture of the sender of the brand versus a picture of the recipient of the brand.²²

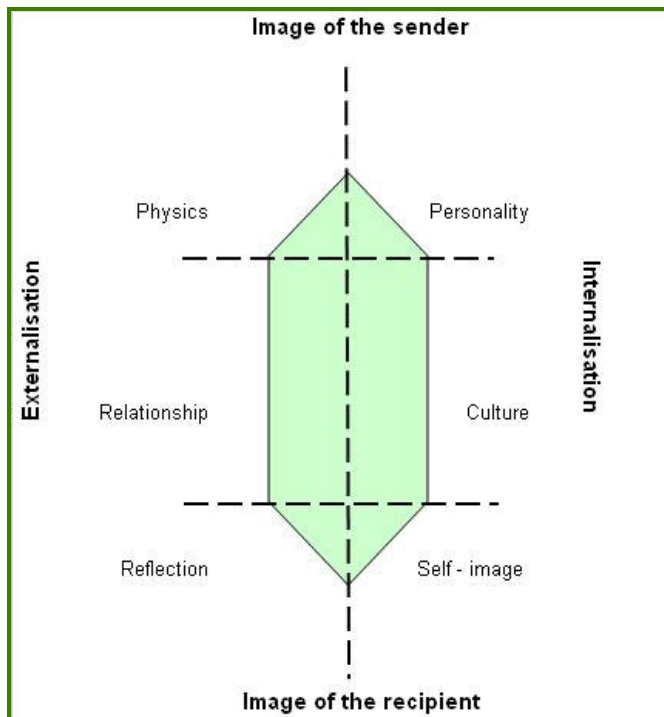


Figure 1.2.

Brand Prism (Kapferer, 1997)

The six elements of brand identity:

1. Physics: No brand can act without the physics, the basic of each brand. Each brand that is being built has to start with this phase. These attributes

²¹ Kapferer, J.N., op.cit., pp. 99-106

²² Bartels, G. and Nelissen, W., op.cit., p. 238

can be explicit (for example I Mac from Apple) or implicit (for example the safety of Volvo cars)²³

2. Personality: Each brand has a personality of its own. By communicating, it gradually builds up a character. The way in which it speaks of its products or services shows what kind of person it would be if it were human.²⁴ It helps the consumer to form a better perception of the brand. The easiest way to create a brand personality is to use a spokesperson or a figurehead like Seven-Up did for a long period with Fido Dido.

3. Culture: The culture of the brand is the link between the brand and the company behind the brand. The product is not only a concrete representation of this culture, but also a means of communication. The culture is at the core of the brand. It can originate, for example, from the country of the brand's origin or from the founders of the organization. Drinking Jack Daniel's means drinking and empathizing with the lifestyle of 1950s America.²⁵

4. Relationship: Consumers can have a relationship with a brand. It is the ideal way to develop high brand loyalty and to differentiate from competitors. For example, Harley Davidson has a strong relationship with everyone who drives a Harley.

²³ Ibid.

²⁴ Kapferer, J.N., (2004), "*The New Strategic Brand Management*", Kogan Page, p. 108

²⁵ Bartels, G. and Nelissen, W., op.cit., p. 238

5. Reflection: A brand is a customer reflection. As much as possible, the sender will tend to build an ideal reflection of buyer or user of the brand. However, reflection and target often get mixed up. The target describes the brand's potential purchasers. Reflecting the customer is not describing the target. Generation Next from Pepsi is an example of a reflection of Pepsi drinker.

6. Self-image: Each consumer also has an image of itself. This image can be confirmed by buying or using a certain brand. This brand is confirmation of one's own self-image. Consequently, it can act as a marker of ones identity to others. For instance, young children want to buy Nike to become part of their peer group.

Kapferer (1997) emphasizes that the brand identity prism also includes a vertical division (see Figure 1.2.). The facets of the left - physique, relationship, and reflection - are the social facets which give the brand outward expression. The facets to the right – personality, culture, and self-image - are those incorporated within the brand itself, within its spirit.

1.3.1.2. Aaker's brand identity model

Aaker's model (1996) segments brand identity into core identity and extended identity which is presented in Figure 1.3.²⁶

²⁶ Aaker, D., (1996), "*Building Strong Brands*", 1st edition, New York: The Free Press.

Aaker (1996) defines that the core identity as being ‘the central, timeless essence of the brand’ which remains constant even as the brand travels to new markets and products. Depending on the target market, advertising strategies, communication tones, positioning statement, and in some cases, even the logos can all be changed, but what remains constant is the core personality or purpose. The core of the brand must be immutable over the longer term. For instance, in the world of sports and fashion, Nike has crafted a unique and instantly recognized identity synonymous with innovation, excitement, and the pursuit of excellence in health and fitness.²⁷

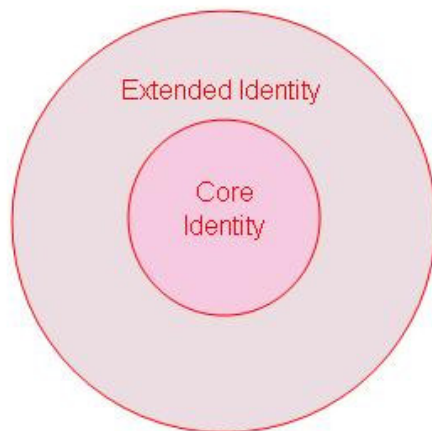


Figure 1.3. Brand Identity
(Aaker, 1996)

On the other hand, the extended identity is changeable. Aaker (1996) suggests that extended identity includes brand identity elements, organized into cohesive and meaningful groupings that provide texture and completeness. It consists of elements that provide more depth to the brand

²⁷ Morgan, N., Pritchard, A. and Pride, R., (2002), “*Destination Branding: Creating the Unique Destination Proposition*”, Elsevier, p. 128

identity. Sub-brands, slogans or brand personality can be given as an example of these elements.

Besides these two layers, Aaker (1996) indicates each brand can have variant perspectives. These perspectives can also succour an organization to fill in the brand identity exactly:

- A product (place) (e.g. attributes, place of origin, quality/value etc.)
- An organization (place) (e.g. attributes, innovation, local versus global)
- A person (e.g. personality, brand – customer relationship)
- A symbol (e.g. visual imagery, and metaphors; brand heritage)

1.4. ABOUT POSITIONING

*“Positioning is identifying the real estate
in consumer’s mind that the brand will and can own.”
(Leroux Jooste, VP worldwide product planning, Cephalon)*

The desired positioning for the product should be an important consideration throughout stages of the development of an offer and its creative execution.²⁸ According to Wind, a product’s position is the way the product is defined by consumers on important attributes, the place the

²⁸ Roberts, M.L. and Berger, P.D., (1999), *“Direct Marketing Management”*, Prentice Hall, p. 54

product occupies in consumers' mind relative to competing products.²⁹ One can consider imported automobiles. Toyota has emphasized economy and reliability. Volkswagen has used a value for money association. Volvo stressed durability, showing 'crash tests' and telling how long their cars last. BMW, in contrast, talks of performance and handling with the tag line: 'The ultimate driving machine'. Fiat has made a distinct effort to position itself as a European car with 'European craftsmanship'.³⁰

Brand	Apparent Target	Major Benefit	Support	Positioning Line
Avis	Business travelers	Better service	More effort by Avis owner-employees	"We're #2. We try harder"
Pepsi	Non-loyal Coke drinkers	Taste/act young	Visual/situational	"Pepsi Generation/Generation Next"
Rolling Stone Magazine	Advertisers	Reaches influential audience	Readership studies	"Perception /Reality"
Chevy Trucks	Blue-collar Truck owners	Quality trucks Durable, reliable	Product quality, image	"Like a rock"
DeBeers	Men (purch.) Women (influencer)	Emotional gratification	Beauty, timelessness of product	"A Diamond is Forever"
Intel (co-branded)	MIS mgrs./ end-users operation	Superior hardware	Micro-processor performance	"Intel Inside"

Table 1.1. Classic Positioning Examples³¹

²⁹ Wind, Y., "New Twists for Some Old Tricks", The Wharton Magazine, Spring 1980, pp.34-39

³⁰ Aaker, D. and Shansby, J.G., (1982), "Positioning Your Product", Business Horizon, pp.56-57

³¹ *The Role of IMC in the Marketing Process*, (n.d.), Retrieved January 3, 2006, from <http://courses.csusm.edu/ssm333gc/SSM333Chap2%5B1%5D.ppt>

About positioning the brand in consumers' mind, the American Express Card can be given as an example. This has been positioned as the appropriate method of payment for travel and entertainment for upper income consumers. Besides, Miller Lite was positioned as the beer that gave heavy beer drinkers permission to drink more.³² These models can be multiplied and we can also analyze other classic positioning examples presented in Table 1.1. has been formed.

Kotler and Armstrong (1991) define that consumers are overloaded with information about product and services. Also they cannot reevaluate products every time they make a buying decision. To simplify buying decision making, they position products, services, and companies in their minds. A product's position is the complex set of perceptions, impressions, and feelings that consumers hold for the product with or without the help of marketers. Marketers plan positions that will give their products the greatest advantage in selected markets, and design marketing mixes to create the planned positions.³³

Marketers can follow several positioning strategies. Aaker and Shanby (1982) predicate that there are six approaches to positioning strategy.³⁴ These approaches are; positioning by (1) Product Attribute, (2) Price-Quality,

³² Aaker, D.A. and Biel, A.L., (1993), "*Brand Equity & Advertising: Advertising's Role in Building Strong Brands*", Lawrence Erlbaum Associates. p. 77

³³ Kotler, P. and Armstrong, G., op.cit., pp. 235-236

³⁴ Aaker, D.A. and Shansby, J.G., op.cit., p. 57

(3) Use or Applications, (4) Product-user, (5) Product-class, and (6) Competitor. Arguably the most applied positioning strategy is to associate an object with a product attribute or characteristics. For instance, Ford Fiesta advertises its low price; Saab promotes performance. Or products can be positioned according to usage occasions. In the summer, Gatorade can be positioned as a beverage for replacing athletes' body fluids; in the winter, it can be positioned as the drink to use when the doctor recommends plenty of liquids. A product can also be positioned inasmuch as product-class strategy. The soft drink 7-Up was a long time perceived as a mixer beverage, despite efforts to emphasize its fresh, clean taste and thirst-quenching properties. An effort was made to reposition the brand as a soft drink, as a logical alternative to the colas but with better taste. 7-Up became the number three soft drink when it positioned as "un-cola", alternative to Coke and Pepsi.

Aaker and Shansby (1982) stated the complex activity of developing an effective positioning strategy into six steps as shown in Figure 1.4.³⁵

1. Identify the competitors: Key to keeping customers is to understand their needs and buying processes better than competitors do and deliver more value. One approach is to determine from product buyers which brands they considered. Another approach is the development of association of products with use situations.

³⁵ Ibid. pp. 59-61

2. Assessing consumers' perception of competitors: This facet consists of two pieces of information; what attributes or benefits customers use to judge competitive products and how satisfactory customers perceive each product to be on each attribute or benefit.³⁶

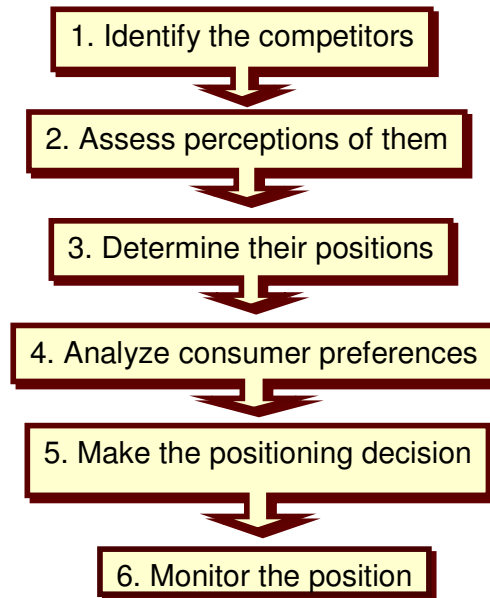


Figure 1.4. Positioning Strategy Development Process

3. Determining the competitors' positions: The next step is to determine how competitors are positioned with respect to the relevant product associations and with respect to others.

4. Analyzing the customers' preference: In order to selecting a positioning strategy, how the market is segmented and a basic understanding of the customer required. One of the most useful segmentation approaches is

³⁶ Roberts, M.L. and Berger, P.D., op.cit., p. 56

benefit segmentation which focuses upon the benefits or more generally the product association.

5. Making the position decision: In this part, one position is chosen and after that, the company has to take strong steps to deliver and communicate the desired position to the target consumers. All company's marketing mixes have to support the positioning strategy.

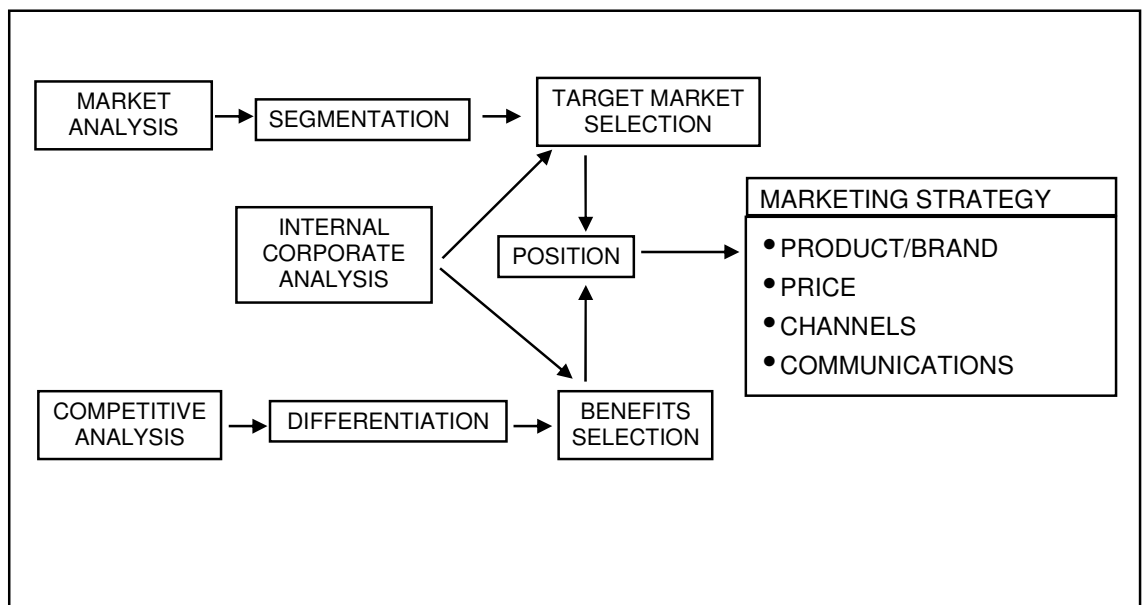


Figure 1.5. The Process of Positioning³⁷

6. Monitor the position: Whether the task is to position a product, a service, or an organization, the positioning strategy needs to permeate all aspects of the marketing effort. Because, the desired position will affect the manner, creative execution, the choice of media vehicles, and types of customer

³⁷ *The Role of IMC in the Marketing Process*, op.cit.

services offered.³⁸ Positioning strategy must be monitored and adapted over time the match changes in consumer needs and competitors' strategies.

The positioning process can be defined through market and competitive analysis to marketing strategy as a shortcut in Figure 1.5. The process indicates what category the brand should be associated with and what the brand's essential difference is in comparison to the other brands and products in that category.

1.5. BRAND IMAGE

Badenhausen (1996) defines that some of the well-known brands, such as Coca-Cola, Mc Donald's etc., are considered to possess "high brand equity", resulting in higher market shares and prices than competing products.³⁹ They typically have high customer loyalty, name awareness, perceived quality, strong brand associations, and other assets.⁴⁰ A key reason for their strength is the existence of favorable, strong, and unique associations about them in consumers' memories.⁴¹ According to Haig (2003) they build global empires, but brands have also transformed the process of marketing into one of perception-building. That is to say, image is

³⁸ Ibid. p. 59

³⁹ Badenhausen, K. (1996, July 8), "Blind Faith", Financial World, pp. 50-55

⁴⁰ Aaker, D.A., "Managing Brand Equity". op.cit.

⁴¹ Keller, K. L., (1993), "Conceptualizing, measuring, and managing customer-based brand equity", Journal of Marketing, 57, 1-22

everything today. Haig also declares that consumers make buying decisions based around the perception of the brand rather than the reality of the product. While this means brands can become more valuable than their physical assets; but after all, it also means that they can lose this value overnight because of perceptions' fragile side.⁴²

Brand image is the representation of the brand in the mind of the consumer. Mooij (2005) claims that there is some "image definition" difference between Western and collectivistic cultures. In Western cultures, the image can be like a human being with unique characteristics. On the other side; in collectivistic cultures, it can be quality and the representation of trust in a supplier. Within cultures, discrepancies between identity and image occur, but across cultures the gap between identity and image is likely to be wider. What is in the mind of the consumer, the brand image, is not necessarily the same as the brand characteristic the marketer uses to build the brand identity.⁴³

Kapferer (1997) demystifies the dealing with brand image and identity, and also discrepancy between these items in which is known the most famous book named as "Strategic Brand Management". Kapferer interprets brand image is a perspective on the receiver's side. Image research focuses on the way in which certain groups perceive a product, a brand, a politician, a

⁴² Haig, M., (2003), "*Brand Failures: The Truth about the 100 Biggest Branding Mistakes of All Time*", Kogan Page, p. 3

⁴³ Mooij, M.K., (2005), "*Global Marketing And Advertising: Understanding Cultural Paradoxes*", Sage Publications Inc., p. 224

company or a country. The image refers to the way in which these groups decode all of the signals emanating from the products, services, and communication covered by the brand. An image is a synthesis made by public of all the various brand signals, brand name, visual symbols, products, advertisements, sponsoring, patronage, and articles etc. An image results from decoding a message, extracting meaning, interpreting signs. On the other hand, identity is on the sender's side. In this case, specifying the brand's meaning, aim, and self-image can be explained as a purpose.⁴⁴

Brand identity is how the sender would like their customers, employees, and other stakeholders to view their brand. However, brand image is how they really see them. The difference in these two views can help the marketer drive the brand marketing and communications activities.

The image is a phase of perception whenever the identity comes the main point of existence. Brand image is a association of mostly controlled perception such as a brand's strenght and powerless facets, favourable and unfavourable sides. These perceptions occur in the course of the time as a result of directly or indirect knowledge that experienced. For instance, do you like brand name? What do you think about the product's logo? Is your experience in the store, in the website, or your communication with customer service staff pleasant and useful? On the contrary, is it like a nightmare? What are your perception about the brand in terms of readed newspapers

⁴⁴ Kapferer, J.N., "Strategic Brand Management: Creating and Sustaining Brand Equity Long Term", op.cit, p. 94

and on consumer reports. Target audience's perceptions are enough reasons to clarifying the brand image. The more senses are waved and differ, the more brand image becomes different.⁴⁵

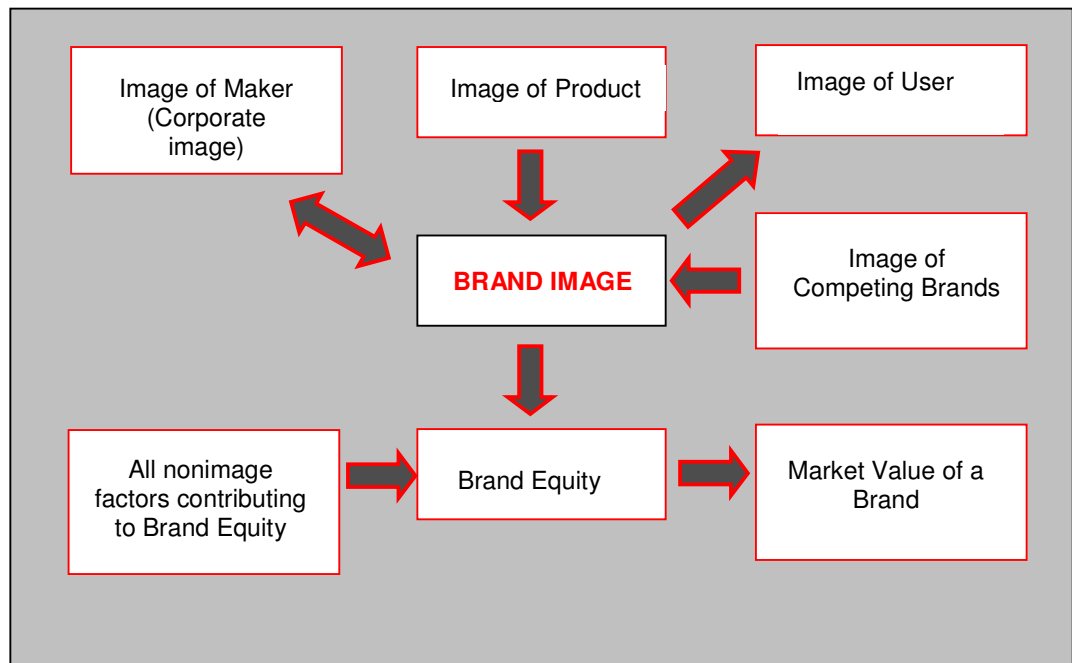


Figure 1.6. The Three Components Of Brand Image (Biel, 1993, p. 72)

The image of a brand has three contributing subimages. These elements are; (a) the image of the provider of the product/service, or corporate image; (b) the image of the user, and (c) the image of the product/service itself. This is represented schematically in Figure 1.6. However, the relative contribution of these three elements varies by product category and by the brand. In case of Marlboro, the corporate reputation of Philip Morris plays hardly any role at all in forming the brand's image. The product image itself contributes, but

⁴⁵ Perry, A. and Wisnom III, D., op.cit., pp. 15-16

perhaps the impression people have of the brand's users is the strongest contributor.⁴⁶

According to Howard, brand image has again three elements. The first of these component is the physical characteristics by which the consumer recognizes the brand. The second one is the strength of the brand on each of the relevant benefits on a positive-negative scale as judged by the customer. Finally, the third component is the strength of the consumer's confidence in their ability to determine correctly the quality of the brand.

Brand images also have a strong nonverbal component. For many strong brands, as soon as the brand is shown the unique symbols or logos can be automatically accessed from the memory. For some, the red field with a yellow shell appears when Shell is mentioned. Indeed, King (1989) suggests if "visual metaphor" chosen correctly, desirable values can be captured to be associated with the brand. The visual metaphor can provide a powerful set of symbols that are particularly important in service categories, where there is no tangible product per se.

Also there is a relationship between the brand name and image. Aaker claims that names can contribute strongly (e.g., Eveready batteries, Formula 44 cough medicine, Orville Redenbacher popcorn, Compaq computers, and IBM) or they can dilute image. For example, when a company called Documents Handling Limited entered the international package delivery

⁴⁶ Aaker, D.A. and Biel, A.L., op.cit., p. 71

business, they changed their name to DHL. Kentucky Fried Chicken has just changed its name to KFC to help shed today's negative association with frying. ⁴⁷ Josephson (1996) defines the brand name as the concentration of aesthetic, visual, and verbal styling of the commodity into one named character. A brand name as something more than a label. The brand name goes with uniform styling and a company "image". ⁴⁸

Developing and managing a brand image is an important part of a firm's marketing program. Both advertising practitioners and marketing researches have long advocated the use of a clearly defined brand image as a basis for market success. A well-communicated brand image enables consumers to identify the needs satisfied by the brand. Thereby differentiate the brand from its competitors. In fact, developing a brand image strategy has been prescribed as the first and most vital step in positioning a brand in the marketplace. As a long term strategy, a consistent and effective brand image helps build and maintain brand equity. ⁴⁹

1.6. BRAND EQUITY

Although the definition of brand equity is often debated and the term is frequently confused with brand image, we could see a clear distinction. Aaker

⁴⁷ Ibid., p. 75

⁴⁸ Josephson, S.G., (1996), "*From Idolatry to Advertising: Visual Art and Contemporary Culture*", M.E. Sharpe, p. 168

⁴⁹ Park, C., Milberg, S. and Lawson, I., (1991), "*Evaluation of brand extensions: the role of product feature similarity and brand concept consistency*", Journal of Consumer Research

(1993) explains that brand equity deals with the value, usually defined in economic terms, of a brand beyond the physical assets with its manufacture or provision. While brand image is a concept originated and owned by marketers and advertising specialists, the idea of a brand having an equity that exceeds its conventional assets value is a notion that was developed by financier. Underlying a brand's equity is the concept of what is sometimes referred to as brand's consumer franchise, loyalty, or even its fan. Brand equity can be thought of as the additional cash flow achieved by associating a brand with the underlying product or service. In case of an acquisition of a brand, it is the expectation that future cash flow that commands a premium over the cost of developing the infrastructure required to bring a new, competing brand to the market. It is useful – albeit incomplete – in this connection to think of a brand's equity as the premium a consumer would pay for a branded product or services compared to an identical unbranded version of the same product or services. It also follows that stronger brands will have more equity than weaker competitors.⁵⁰

Brand equity stands for a financial concept associated with the valuation placed on a brand, it is useful to recognize that the equity of a brand is driven by brand image, a consumer (or customer) concept. Figure 1.7. gives information about the relationship between brand equity and brand image.

⁵⁰ Aaker, D.A. and Biel, A.L., op.cit., pp. 69-70

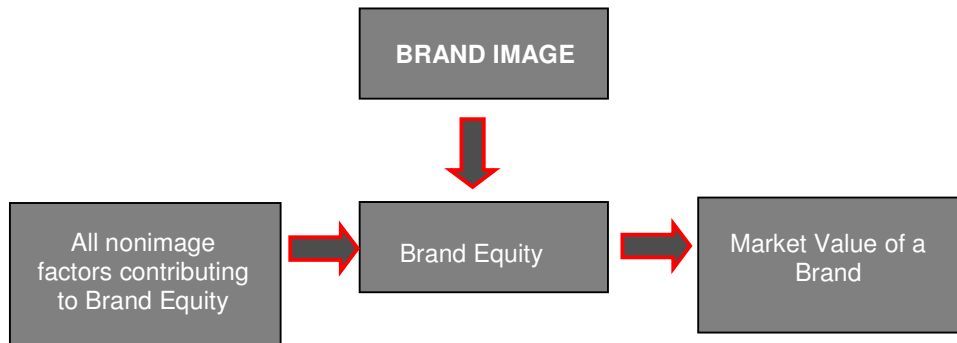


Figure 1.7. Brand image drives brand equity⁵¹

The official Marketing Science definition of brand equity is “the set of associations and behaviour on the part of a brand’s customers, channel members and parent corporation that permits the brand to earn greater volume or greater margins than it could without the brand name”⁵²

To dispel confusion around the phrase brand equity, created by the abundance of definitions, concepts, measurement tools and comments by experts, it is important to show how the consumer and financial approaches are connected, and to use clear terms with limited boundaries.⁵³ A brand is a tool for business and it also occurs in so far as it creates a profitable business. The more the brand does not make profitable business, the less it has value.

⁵¹ Ibid., p. 70

⁵² Leuthesser, L. (1998). *“Defining, Measuring, and Managing Brand Equity”*. Cambridge: Mass

⁵³ Feldwick, P., (1996), *“What is brand equity anyway and how do you measure it”*, Journal of the Market Research Society, 38, pp. 85-104

A brand is a strong idea which is supported by a profitable economic equation. For clarifying the issues, we need to distinguish three levels of analysis which can be shown by the Table 1.2. below.⁵⁴

Brand assets	Brand strength	Brand Value
Brand awareness	Market share	Net discounted cashflow attribute to the brand after paying the cost of capital invested to produce and run the business and cost of marketing
Brand reputation (attribute, benefit, competence, know-how, etc)	Market leadership	
Brand personality	Market penetration	
Brand deep values	Share of requirements	
Brand imagery	Growth rate	
Brand preference or attachment	Loyalty rate	
Patents and rights	Price premium	

Table 1.2. From awareness to financial value

Brand assets are the sources of influence of the brand (awareness/saliency, image, type of relationship with consumers) and patents. Brand strength at a specific point in time is a result of these assets within a specific market and competitive environment. They are the “brand equity outcomes” if one restricts the use of the phrase “brand equity” to brand assets alone. Brand strength is captured by behavioural competitive indicators: market share, market leadership, loyalty rates and price premium. Brand value is the ability of brands to deliver profits. For that reason, a brand has no valuable attribute unless it can deliver profits. Only by separating brand assets, strength, and value will one end the confusion of the brand equity domain.

⁵⁴ Kapferer, J.N., “*The New Strategic Brand Management: Creating and Sustaining Brand Equity Long Term*”, op.cit., pp. 13-15

Blackston (1992) states the definition of brand equity has been declared by David Ogilvy who said that brand is the consumer's idea of a product. We can also realize this interpretation as the first principle of brand equity; brand is different from a product and the difference is something with which it is invested by consumer. Total equity consists of two sorts of equities. These can be named; (1) Fundamental equities and (2) Added value equities. Fundamental equities are the classical marketing variables of product, price, and packaging together with distribution and measured brand image. The second type are the added value equities, which are usually much more elusive to define because of their intangible nature.⁵⁵

Blackston (1992) developed a methodology, as an interactive process involving both the brand and the consumer, which suggested a new approach to understanding the creation of brand equity. This methodology is named as "Brand Relationship". A brand relationship is a logical extension of the idea of a brand personality. In treating brands as if they were people, we do not take the analogy to its logical conclusion. Understanding the relationship between brand and consumer requires observation and analysis of two things: at first, we need to cover the conventional areas of consumer's attitudes and behaviors towards the brand. Secondly, we also have to consider the brand's attitudes and behaviors toward the consumer.

According to Aaker (1991) brand equity, briefly, is a set of assets such as name awareness, loyal customers, perceived quality, and associations that

⁵⁵ Blackston, M., (1992), "Observations: Building Brand Equity By Managing The Brand's Relationships", Journal of Advertising Research, Vol.32, p. 79-83

are linked to the brand (its name and symbol) and add (or subtract) value to the product or service being offered.

1.6.1. Bases of Brand Equity

As defined by David Aaker (1991), brand equity is a set of brand assets and liabilities linked to a brand's name and symbols that subtract or add from the value provided by a product or service to a firm and/or that firm's customers.

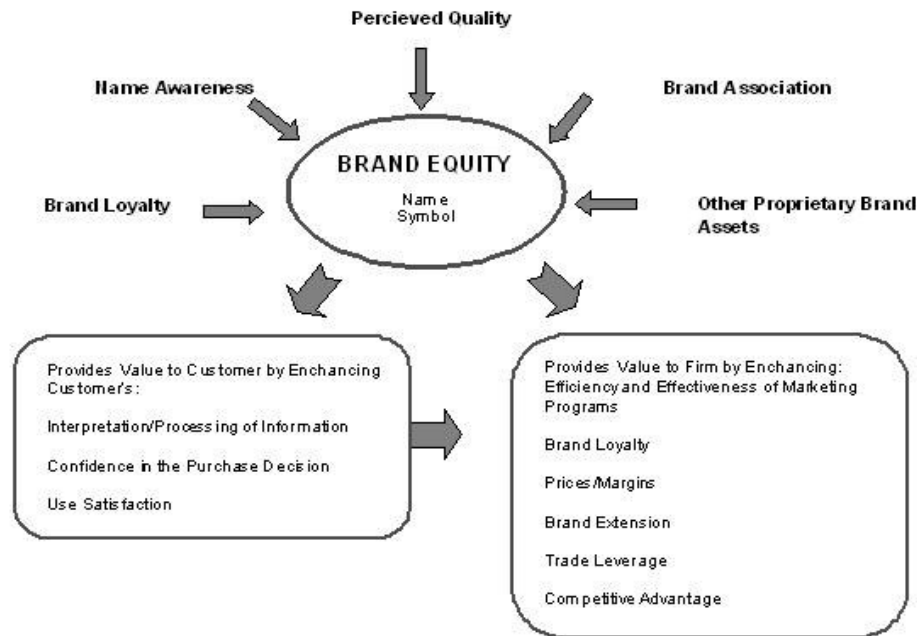


Figure 1.8. Brand Equity (Aaker, 1991, p.17)

For underlying brand equity these assets and liabilities have to be linked to the name and/or symbol of the brand. For that reason; some or all of the

assets or liabilities can be affected and even lost, because of the change in brand's name or symbol. Although some might be shifted to a new name and symbol. In Figure 1.8. Aaker arranges in groups these assets and liabilities into five main dimensions: (1) Brand loyalty, (2) Name awareness, (3) Perceived quality, (4) Brand associations, (5) Other proprietary brand assets.

1.6.1.1. Brand Loyalty

A consumer who tries one or more brands may decide to buy a certain brand regularly. The preference for a particular brand can be defined as brand loyalty. Brand loyalty implies purchasing the same brand more than once, again assuming that this is the preferred brand. Aaker (1991) defines brand loyalty as the ability to attract and retain customers. The brand loyalty of the customer base is often the core of a brand's equity. Customer's attachment can be categorized into five distinct levels of loyalty. The lowest level of loyalty is no loyalty at all. The next level of loyalty comprises customers who have no reason to change because they are satisfied, habitual buyers. However, these customers will change if given a compelling reason to change. The third level loyalty is satisfied buyers who will incur switching costs on switching products. These buyers will change if given a strong compelling reason, but because of the switching cost, they are likely to do so. The fourth level of loyalty is customers who like the brand and consider it a "friend". At this point, customers are developing a personal relationship with the brand. The ultimate level of loyalty is committed buyers

who buy the product despite any reason to change. Brand loyalty is a measure of the attachment that a customer has to a brand. It reflects how likely a consumer will be to switch to another brand, especially when that brand makes a change in their price or product features.⁵⁶

1.6.1.2. Brand Awareness

Brand awareness is one of Aaker's five dimensions of brand equity. He defines it as "the ability to identify a brand as associated with a product category" an important qualification. There is a difference between "mere" awareness of a name and associating that name with a particular product. Brand awareness creates value in at least four ways: It is an anchor to which other associations can be attached. It creates familiarity and liking for the brand. Name awareness can be a signal of presence, commitment and substance. It creates brands to consider.⁵⁷

1.6.1.3. Perceived Quality

Third dimension of brand equity is perceived quality. It can be defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. Perceived quality generates value in several ways. First one is that it creates a reason to buy. Secondly, it can be used in differentiation or in positioning.

⁵⁶ Aaker, D.A., "*Managing Brand Equity*", op.cit., p. 39

⁵⁷ Ibid., p. 65-66

The price premium is the third way for creating value. It can increase profits and/or provide resources with which to reinvest in the brand. Instead of price premium, a superior value can offer to the customers at a competitive price. Fourthly, perceived quality can also be meaningful to retailers, distributors, and other channel member, and thus aid in gaining distribution. Introduction of the brand extensions can be defined as the fifth way to create value. The perceived quality can be exploited by introduction brand extensions, using brand name to enter new product categories.⁵⁸

1.6.1.4. Brand Associations

According to Aaker (1991) a brand association is considered to be anything in the consumer's mind linked to a particular brand. These associations can be positive or negative. The associations not only exists but has a level of strength. A link to a brand will be stronger when it is based on many experiences or exposures to communications, rather than few. As long as it is supported by a network of other links, it will also get stronger. A brand image as a set of association, usually organized in some meaningful way. An association and an image both represents perceptions which may or may not reflect objective reality. And also positioning is closely related to the associations and image concepts excepts that it implies a frame of reference, the reference point usually being competition. A well positioned brand will

⁵⁸ Ibid., p. 85-88

have a competitively attractive position which is supported by strong associations.⁵⁹

1.6.1.5. Other Proprietary Assets

These proprietary assets include mainly names, slogans, and symbols in addition to channel relationship.

Kapferer (1997) defines a symbol, since it has numerous facets and it incorporate figurative symbols such as logos, emblems, colours, forms, packaging and desing; a word, because it is the brand name which serves as support for oral or written information on the product; an object, because the brand distinguishes each of the product from the other products or services; and finally, a concept sense that the brand imparts its own significance.⁶⁰ The reality is that most firms and products are fairly similar, the differences that do not exist, such as service quality, are difficult to communicate in an effective and credible manner. When products and services are difficult to differentiate, a symbol can be the central element of brand equity, the key differentiating of a brand.⁶¹

A slogan can be tailored to a positioning strategy, and added to a brand name and symbol. Only a name and symbol in combination can be important

⁵⁹ Ibid. p. 204

⁶⁰ Kapferer, J.N., "*Strategic Brand Management*", op.cit., p. 189

⁶¹ Aaker, D.A., "*Managing Brand Equity*", op.cit., p. 197

for brand equity but there is a limit to what a single word and symbol can do. A slogan can provide an additional associations for the brand, can also remove ambiguity from the name and symbol; it has the ability to generate equity of its own which can be exploit.⁶²

⁶² Ibid. p. 204

CHAPTER II

A LOOK AT AUTOMOTIVE INDUSTRY IN TURKEY

In this Part, milestones and background of Turkish Automotive Industry, manufacturers, players, their products will be presented.

2.1. A GENERAL OVERVIEW OF GLOBAL AUTOMOTIVE INDUSTRY

Automotive industry is one of the oldest and important industries in the world. It has been established in early 1900's in United States. It has grown by manifolds until the World War II in United States and in Europe. Automotive plants have been used for military services during Second World War period. After Second World War, Japan and South Korea started to become an important player in the industry. Henry Ford's mass production concept was challenged by lean manufacturing techniques of Japanese companies. With the effect of globalization, competition became more and more intense.

Automotive industry requires most complex technology following aeronautics and space. A vehicle consists of over 5,000 parts. These parts are produced by using different materials, different technologies, and different manufacturing processes in different plants, which are located in different areas of the world. There are over 50 global regulations of security,

traffic, safety and environment, which require multi-discipline technologies and processes in order to meet these regulations. Increase in customer expectations, increasing pressure on profits due to the competition, which brings the necessity of cost reduction; require concentrated research and development efforts and continuous improvement in production. Innovative technological development is the only way to satisfy customer expectations.⁶³

Automotive industry consists of 4 main product segments. These are passenger cars, light commercial vehicles, heavy trucks and buses. 70% of the global production belongs to passenger cars and light commercial vehicle production is 25% of the total production. Heavy trucks and buses make up the rest of the production.⁶⁴

EUROPEAN	AMERICAN	JAPANESE	KOREAN
BMW Rover	Ford	Daihatsu	Daewoo
Fiat	GM	Subaru	Hyundai
MAN		Hino	Kia
DaimlerChrysler		Honda	Ssangyong
PSA		Isuzu	
Renault		Mazda	
Scania		Mitsubishi	
Volkswagen		Nissan	
Volvo		Suzuki	
		Toyota	

Table 2.1. Worldwide manufacturers in automotive industry

⁶³ Maxton, G.P. and Wormald, J., (2004), "*Time for a Model Change: Re-Engineering the Global Automotive Industry*". Cambridge University Press

⁶⁴ Nayır, C., Asal, M. and Ertuğrul, E., "*Türkiye Otomotiv Sanayisinin Durumu ve Geleceği*". Turkish Automotive Industry (The present and the future of the industry)

In automobile industry, we can indicate 25 worldwide manufacturers. The distribution of these manufacturers according to their origin is shown in Table 2.1.

2.2. THE BACKGROUND OF TURKISH AUTOMOTIVE INDUSTRY

The automotive Original Equipment Manufacturer (known as OEM) and supplier industry only started being established in the 1950s. Following this structure, Turkish automotive industry also developed under the import substituting industrialization policies that dominated the Turkish economy through the 1960s-70s. Automotive industry is one of the pioneering sectors of the manufacturing industry with its dynamic structure. Also, as mentioned above, it was first established for “substitution of import”; it continued its existence mostly with agricultural tractors and commercial vehicles. During these years, raw materials and suppliers were not adequate; also plant investment feasibilities didn’t encourage the investors. With the founding of Tofaş and Oyak Renault, Inc. the sector gained significant acceleration for all vehicle groups. Within this process, the supplier industry also grew in connection with the growth of the OEM industry. While the OEM industry became a competitive one focused on exports in the 1990s, local content in the millions of vehicles produced in Turkey surpassed 90%.⁶⁵

⁶⁵ *A look at the Automotive Industry in Turkey*, (n.d.), Retrieved January 15, 2006, from http://www.turkishtime.org/sector_4/20_en.asp

Under these circumstances, the milestones of Turkish Automotive Industry formed as follows:

1928	The First Automotive Assembly , Conducted by the Ford Motor Co.
1929	Ford Warehouses in Tophane
1948	The Marshall Plan
1954-1961	Economic Problems and New Automotive Companies in Turkey
1954	Turk Willys-Owerland Ltd. Partnership was formed
1959	Otosan - Alliance with Koç Trading Co. and Ford Motor Company
1961	The First Automobile Industry Congress
1961	The Automotive Industry Union
1961	The production of "Made in Turkey" Automobiles
1961	The First Turkish Prototype Automobile "Devrim"
1962	Chrysler Trucks Production and Trading Inc.
1966	First car production by Otosan named "Anadol", Mass Produced Car
1970	European Companies' Investments
1971	Tofaş Fiat Investment - The first serial production
1971	Oyak Renault investments - The first serial production Renault 12
1972 – 1976	Demand increase
1976 – 1980	Economic Crisis
1980 – 1989	Market Expansion
1990	Investments of the Japanese and South Korean Companies
1989 – 1993	Rapid Market Expansion Competitive Market New Investments – Technology, Product, Production
1994 – 1995	The 1994 Economic Crisis
1996 – 1999	Customs Union with European Union Rapid Increase of Imports
1998 – 1999	Economic Recession
1998 – 2000	Preparing for High Volume Exports – Renault Megane

Optimistic Outlook – Exports – Fiat Doblo

2001 Economic Crisis

2002 – 2003 Recovery of Economic Crisis & Booming Export Volumes

From 1924 on, following the establishment of the Republic, motor vehicle imports and their use started to grow. In the memoirs of Mr. Bernar Nahum, one of the founders of the automotive industry in Turkey, this first record of automobile imports dated 1924-1925 are summarized as follows:

"...The first company in the automobile business was Aynvefa, which used to sell Ford products in Sirkeci. Meanwhile, the under the name of Grand Garage, the G. E. Baker Company introduced the models of Studebaker, Essex and Erskin to the market. While the Altıparmak Brothers were representing Peugeot, an Italian, Delphiyno, his office located right across Hotel Divan, was the representative of Fiat. Another Italian was the seller of Lancia.

...The firm, Kemal Halil, Mehmet Rifat and Partners, established in 1927 by Turkish businessmen was the agent of Goodyear tires and Dodge trucks and automobiles. By the end of 1928, Aynvefa had quit representing Ford. In October 1928, the firm Koçzade Vehbi became the Ford agency for the Ankara region..."⁶⁶

⁶⁶ Demirer, A. and Aydođan, Ö., (2005), "*Huzurlarınızda Spor Anadol: Seri olarak üretilen ilk ve tek Türk tasarımı otomobilin öyküsü ve ANADOL, BÖCEK, ÇAĞDAŞ*", İstanbul: Güncel Yayıncılık. pp. 26-27

During this time, there were a total of approximately 800 automobiles and taxis in certain cities, like Izmir, Ankara, Adana, Bursa, Samsun, Trabzon, etc. It was estimated that the total number of automobiles in the whole of Turkey was around 1,500. Adding around 1,000 minibuses and around 3,000 trucks of various types to this number, we can conclude that in 1928 there were a total of some 5,500 vehicles in Turkey.⁶⁷

The first automotive assembly operation in Turkey began in 1928. A contract, which would be valid for 25 years was signed by the government and Ford Motor Company. It was planned that some of the automobiles, tractors and trucks to be assembled were to be sold to the Soviet Union, with the rest remaining within the country. Due to the lack of infrastructure pertaining to the automotive industry, all the suggestions of the counter party were accepted, with no disapproval, whatsoever. The parts brought in to be assembled were to be imported duty-free and no tax was to be levied on the products exported. In 1929, some of the warehouses in the free-trade zone in Tophane were allocated to this company.⁶⁸

Beginning in 1948, Turkey began to receive military equipment and help in building up its transportation systems, which soon transformed its army into a major military force. The Marshall Plan, announced on June 5, 1947, and Turkey's subsequent admission into the Organization for European

⁶⁷ Küçükerman, Ö., (2004), "*Centuries of History: Transition from Carriage to the Automotive Industry in Anatolia*", Retrieved from http://www.turkishtime.org/sector_4/160_en.asp

⁶⁸ Ibid.

Cooperation further strengthened its economic ties with the United States (April 16. 1948), leading to a direct economic agreement between two nations (July 8. 1948).⁶⁹ In conclusion, “The Marshall Plan” and supported contribution would be the most important component for tractor, agricultural equipment and especially automotive industry’s development in Turkey.⁷⁰

In 1950s, almost every automobile brand, such as Ford, Krupp, Volkswagen, Kaiser, Desoto, Renault, etc., have started to import from all over the world. However, in this period the foreign exchange bottleneck in economies had negative effects on purchasing imported vehicles. Thereby, foreign producers had to apply new methods for organizing a partnership with Turkish producers because of manufacturing both automotive and tractor industry by assembly work.⁷¹

In the period between 1954 – 1961, free foreign trade policy had ended and several barriers occurred in Turkish economy. Despite the negative circumstances prevailing in the country, the work previously initiated for the improvement of the agriculture industry, kept on track.

The second attempt to create an automotive industry was in 1954, when a company called Turk Willys-Owerland Ltd. Partnership was formed to

⁶⁹ Shaw, S.J., Shaw, E.K. and Allwood, J., (1977), “*History of the Ottoman Empire and Modern Turkey: Volume II*”, Cambridge University Press, p. 400

⁷⁰ Küçükerman, Ö., (2004), “*Türk Otomobiliyle 50 Yıl*”, Rahmi Koç Müzesi, p. 11

⁷¹ Ibid., pp. 11-12

produce jeeps for the army. This factory continued production till 1970 after which it was bought out by the Ministry of Defense. Later came the formation of the Federal Turkish Trucks Factory (later renamed as TOE-Turkish Automotive Industries Ltd.) in 1954 in Gebze.⁷²

In 1959, "Otomotiv Sanayi A.Ş." (known as Otosan) had been established by an alliance with Turkish partner "Koç Trading Co." and "Ford Motor Company". Thus, it could be considered as the first step towards establishment of Turkish automotive industry and investment for automotive manufacturing within this attempt.⁷³

The first "Automobile Industry Congress" took place in 1961. Some authorities believed that automotive industry was necessary while others contended that automotive manufacturing was a luxury.⁷⁴ Towards the end of 1961, all the enterprises involved in the automotive sector in Turkey decided to unite under the Automotive Industry Union. Some of the members of the union included, Verdi, assembler of trucks of Jeep and Bussing, Otosan, assembler of the Consul model automobiles for Ford, automotive industry in Turkey Inc., assembler of International Harvester trucks, Minneapolis-Moline, Turkish Tractor factory Inc., Gümüş Motor Factory Inc. and the coil spring producer, Uzel.

⁷² Wasti, S.N., (2001), "Predictors of Trust in Buyer-Supplier Relation: A Contextual and Cultural Comparison of Japan and Turkey", p. 6, Retrieved January, 2006 from <http://www.e-u-tokyo.ac.jp/cirje/research/dp/2001/2001cf108.pdf>

⁷³ Küçükerman, Ö., "Türk Otomobiliyle 50 Yıl", op.cit., p. 14

⁷⁴ Azcanlı, A., (1997), "Türk Otomotiv Sanayinin Tarihsel Gelişimi", İstanbul: Otomotiv Sanayi Derneği Publishing, p. 107

The first Turkish prototype automobile, Devrim, was produced in 1961 in Eskişehir. It was the first ever automobile designed and produced in Turkey, but this prototype was never developed into a mass production form. The first mass produced car, Anadol, based on a design by British Reliant, was built by Otosan in 1966, and its continued 1984. Şükrü Er, who is a veteran of the Turkish machinery industry, emphasizes importance of the first home produced car, Devrim, by this sentence; "If Devrim were not built, there would be no automotive industry in Turkey, because it encouraged the private sector."⁷⁵

In 1962, Chrysler Trucks Production and Trading Inc. was established with a 60% American partnership. Starting with just 3 vehicles per day, production picked up pace within a very short time. The annual production capacity was 9,000 vehicles, within a single shift order. In 2002, the name of this company was changed to "Askam".⁷⁶

By 1963, 3.468 vehicles were assembled and their spare parts were produced. The vehicle types produced were: trucks, pickup trucks, buses, minibuses and jeeps. By this time, there were only 1,006 people employed in the sector. In 1964, the Turkish automotive assembly sector producing trucks, pickup trucks, jeeps, buses and minibuses, were comprised of the

⁷⁵ *Difficulties were overcome with a change in Mindset*, (n.d.), Retrieved February 20, 2006, from http://www.turkishtime.org/sector_3/96_en.asp

⁷⁶ Küçükerman, Ö., "Türk Otomobiliyle 50 Yıl", op.cit., p. 19

following companies: Chrysler, Çiftçiler, Genoto, Turk Automotive Industry Inc, Ünver Autobus Coachworks and Willys Verdi.⁷⁷

Between 1954-1980, a period during which an import substitution strategy was adopted, local content was encouraged and protection from foreign competition was observed. This prompted foreign automakers to either produce locally through joint ventures, or to quit Turkish market. The foreign manufacturers opted for the former, and companies such as Fiat S.p.A. Torino Group and Renault began production in 1971 with local partners in Bursa. On the other hand, the stringent technology transfer and licensing agreements with these foreign companies prevented the newly formed alliances from being competitive in global market.⁷⁸

In the year 1968, in accordance with the Council of Ministers decision "Tofaş Turkish Automotive Factory Inc." (Tofaş Türk Otomobil Fabrikası A.Ş.) was founded.⁷⁹ The foundations of the Turkish automotive industry were laid with this large project. And, on 13 April 1969 the Factory's foundations were laid and it started the first serial production on 12 February 1971.⁸⁰

⁷⁷ Küçükerman, Ö., "Centuries of History: Transition from Carriage to the Automotive Industry in Anatolia", op.cit.

⁷⁸ Wasti, S.N., op.cit., p. 6

⁷⁹ Küçükerman, Ö., "Türk Otomobiliyle 50 Yıl", op.cit., p. 26

⁸⁰ *The Leader Of Turkish Automotive Industry*, (n.d.), Retrieved from <http://www.tofas.com.tr/english/hakkimizda/tanitim.htm>

In the year 1969, the second biggest factory named as Oyak Renault Automobile Factory was founded, an alliance between “Renault” and “Armed Forces Pension Fund”, in Bursa. Initially, Armed Forces Pension Fund (OYAK) has aimed at joint production with Volvo, but then it has organized a partnership with Renault. Oyak Renault began first production of Renault 12, in 1971.⁸¹

In 1980s, the import substitution strategy was replaced with an export oriented one, which removed quotas of local contents and enabled assemblers to look overseas for better suppliers. To maintain their cost competitiveness, assemblers put a great deal of pressure on their suppliers and played them off against each other.

The government allowed new foreign investments beginning with Opel in 1989. Following Opel, Toyota investment started as a joint venture of Toyota, Mitsui and Sabancı Holding in 1990 with targeting local market and factory realized first car manufacturing in 1994. Tax rates on imported vehicles were also reduced during 1990s, forcing assemblers to compete head on with overseas competition local assemblers were forced to increase variety and quality.

In the year 1993, there were also different kind of companies, such as AOS, BMC, CHRYSLER, GM, KARSAN, MAN, MERCEDES-BENZ, OTOKAR, OTOYOL, OTOSAN, OYAK RENAULT, TEMSA and TOFAŞ in automotive industry.

⁸¹ Küçükerman, Ö., “*Türk Otomobiliyle 50 Yıl*”, op.cit., p. 27-28

ToyotaSa in 1994, Honda and Hyundai at the end of 1997 also entered into Turkish automotive market.⁸²

Increased consumer demand in the 1990s and Turkey's Customs Union agreement with the EU drove rapid growth of automotive production in Turkey. Turkey entered Customs Union process in 1996. Therefore, there were new conditions in the automotive industry. While import was getting easier, competition started to get stronger. After the Customs Union, imported vehicles' market share reached to 52% in total sales in 2000. The Customs Union with the EU in 1996 brought new conditions as well as intensified competition in the sector. As the case stand, competition in automotive market drove local manufacturers to develop and produce new models in connection with more quality, and import the others that they couldn't manufacture.⁸³

2.3. PLAYERS

The automotive sector is comprised of privately owned firms as a whole. The 17 active motor vehicle manufacturers in Turkey mainly operate under foreign licenses or as subsidiaries of major international producers (see Table 2.2.). We can also separate these manufacturers into three groups. The first group consists of joint venture firms, such as A.I.O.S., Ford Otosan, Hyundai Assan, M. Benz Turk, M.A.N. Turkey, Otoyol, Oyak Renault, Tofaş,

⁸² *Türkiye'de Otomotiv Sanayi*, (n.d.). Retrieved January 22, 2006, from <http://www.cciizmir.org/r2.htm>

⁸³ Nayır, C., Asal, M. and Ertuğrul, E., op.cit.

and T. Traktör. The second group comprises fully foreign direct investments like Honda and Toyota. Finally the last group is constituted of the firms which are operating under license agreements.

GENERAL INFORMATION ON THE AUTOMOTIVE MANUFACTURERS					
Firms	Production Place	Starting Year of Production	License	Products	Foreign Capital (%)
Honda Türkiye	Gebze / Kocaeli	1997	Honda Motor Co. Ltd.	Passenger Cars	100
A.I.O.S.	Istanbul	1966	Isuzu	Trucks, Pick-ups, Mini buses, Midi buses	29.74
Askam	Gebze / Kocaeli	1964	Daimler-Chrysler	Trucks, Pick-ups	0
B.M.C.	İzmir	1964		Trucks, Pick-ups, Buses, Mini buses, Midi buses	0
Ford Otosan	Eskişehir, Kocaeli	1983 2001	Ford	Passenger Cars, Trucks, Pick-ups, Mini-buses	41
Hyundai Assan	Kocaeli	1997	Hyundai Motor Comp.	Passenger Cars, Pick-ups, Mini buses	50
Karsan	Bursa	1966	Peugeot	Pick-ups, Mini buses, Midi buses	0
M.A.N. Türkiye	Ankara	1966	Man	Trucks, Buses	99.9
M. Benz Turk	Istanbul, Aksaray	1968 1985	Mercedes Benz	Trucks, Buses	85
Otokar	Sakarya	1963	Deutz / Land Rover /Fruehauf / Am General	Pick-ups, Mini buses, Midi buses	0
Otoyol	Sakarya	1966	Iveco	Trucks, Pick-ups, Midi buses	27
O. Renault	Bursa	1971	Renault	Passenger Cars	51
Temsa	Adana	1987	Mitsubishi	Trucks, Pick-ups, Buses, Midi buses	0
Tofaş	Bursa	1971	Fiat	Passenger Cars	37.8
Toyota	Sakarya	1994	Toyota	Passenger Cars	100
T. Traktör	Ankara	1954		Tractors	37.5
Uzel	Istanbul	1962	Massey Ferguson	Tractors	0

Table 2.2. General Information on The Automotive Industry (OSD, Annual Statistical Bulletin 2005)⁸⁴

⁸⁴ "Annual Statistical Bulletin 2005", OSD, from <http://www.osd.org.tr/cata2005.pdf>

Share of foreign capital in the Turkish automotive industry is 40%. Brands of European origin dominate foreign participation in the market.

Among the 17 automotive companies in the sector, 9 have business relations with foreign firms and 2 are subsidiaries with 100% foreign capital. EU firms that have invested in the Turkish market are Fiat, Ford, Rover, Man, M. Benz, Peugeot and Renault. 3 Asian firms, Toyota, Hyundai and Honda have acquired investment incentives from the Turkish government and have established joint ventures with Turkish firms.⁸⁵

Capital partnerships between Tofaş-Fiat, Oyak-Renault, Ford-Otosan, and Toyota and the recent capital increases in their Turkish plants reveal the full integration of Turkey into the strategic market expansion plans of foreign firms. Especially since Turkey's entrance to the Customs Union and its moves for the European Union membership, Asian firms would like to increase their investments in the Turkish automotive sector which offers geographic advantages and strong Turkish counterparts to utilize export possibilities.

Passenger car manufacturer companies are Tofaş-Fiat, Oyak- Renault, Toyota, Hyundai Assan, Honda, and Ford-Otosan. This market is dominated by two producers with a total market share of 92%. The production capacity of these 6 firms is 690,000 cars per year. Of the total capacity, passenger cars have a share of 70% and commercial vehicles over 20%. Motor vehicle

⁸⁵ <http://www.deik.org.tr/bultenler/200211201209automotivesector-october2002.pdf>

park of 6 million vehicles in 2001 is consisted 75% of passenger cars and 25% commercial vehicles.⁸⁶

⁸⁶ Ibid.

CHAPTER III

BRAND IMAGE TURNAROUND PROJECT

As from the beginning of the year 2002, Tofaş has started to apply a comprehensive change program entitled “Image Turnaround”. In line with this program, Tofaş planned to reposition its brands along with the corporation itself and as well as to this, the firm prioritized to renew of all product range and the corporate vision. By this way, they aimed to differentiate the corporation, Tofaş, and the brand, Fiat. In this part, backgrounds, strategies, repositioning of both the corporation and the brand, customer’s profiles and messages will be presented.

3.1. THE PIONEER FOUNDATION OF TURKISH AUTOMOTIVE INDUSTRY

Vehbi Koç’s dream of granting an automotive factory to Turkey was eventually realized. In the year 1968, Turkish Automotive Factory Inc., abbreviated as TOFAŞ, was founded in accordance with the Council of Ministers decisions. When it was established, “Fiat Auto S.P.A.”⁸⁷ owned 41.5 percent of the equity and 22.5% belonged to Koc Holding A.Ş.. Other shares belonged to MKE (Turkish acronym for Machinery and Chemical Industry Association (25%), İş Bankası (10%), and Aegean Petrol (1%). In

⁸⁷ Fiat Auto S.P.A. is also known as the Fiat Group

1995, the equity share of partners, Fiat Auto S.P.A. and Koc Holding A.Ş., was set at 37.86%, the rest, 24.28%, being scattered in the stock market.



Figure 3.1. Tofaş Factory's view from above in the year 1970 and 2004

Foundations of the factory were laid on 13 April 1969 and the factory started mass production cars with model 124, in 1971. The date that production started to assemble Fiat 124 cars with an initial capacity of 20,000 units per year, Tofaş factory had only 735.170 square meters area. Following successive investments, production capacity has reached 250,000 in 2002. Now, for the result of increasing and various investments demand, the area of the factory amounted to approximately 1 million square meters of which 350.000 square meters is enclosed space (as formed above in Figure 3.1.).

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Tofas-Fiat is now an integrated factory from press to final assembly. The amount of total employees, including blue collar workers, technicians and engineers, were 1166 at the beginning. But currently, the headcount of total

⁸⁸ <http://www.tofas.com.tr/english/index.htm>

blue and white collar personnel have come close 5000 with the rising capacity.

The factory gave a start with its serial production “Fiat 124” following its foundation, Tofaş launched the production of series 131 and later on Tempra simultaneously with Fiat Auto. These models were followed relatively by Tipo and Uno. Tofaş currently produces restyled versions of Palio Weekend and Albea of the Palio family (Model 178), Marea/Brava (started in 1999) and Doblo (started in 2000), a light commercial vehicle.

Today, producing for both the home market and many countries of the world, Tofaş provides valuable contributions to the Turkish Automotive Industry in general and the Turkish economy in particular.

The vehicles produced by Türk Automobiles Plant Inc. were being marketed by Tofaş Automobiles Trade Inc. until 14 May 2001. As a result of two companies consolidation, all the operations were organized by Tofaş Türk Automobiles Plant Inc.

Launching of Fiat Doblo was the first step that leading changeness of vision statement, and this changenesses was continued with the consolidation of production and sales companies brought together championships in 5 different areas in 2001.

Tofaş designated 2002 as a 'year of progress' in which all of its products and services have been renovated. Applying a brand repositioning to Fiat and Alfa Romeo on the one hand and a corporate repositioning to itself on the other, Tofaş aimed to be the automotive company closest to the consumer with different projects. With its successful performance in year 2002, Tofaş has been the leader of its sector, number one in production and number one in exports. Supporting motor sports with an approach of social responsibility, Tofaş has been "Champion Brand" of Turkey in 2001 and 2002, respectively. Introducing so many innovations to the Turkish market and society in its 32-year history, Tofaş has opened the "Anatolian Vehicles" museum in Bursa in 2002, as an attempt to protect the legacy of Turkish automotive.

Tofaş started its serial production with the 124 model. 131 series followed 124 which has been followed by the Tempra model, that was produced in synchronization with Fiat Auto. Tipo and Uno were the models that have been produced after Tempra. Today Tofaş produces Fiat Palio, Fiat Albea, Fiat Marea and Fiat Doblo models. Furthermore, it imports Fiat Palio Weekend, Fiat Stilo, Fiat Ducato, Alfa 147 and Alfa 156 models, providing their after sale services as well.

As a result of its investments in R&D and technology, Tofaş, the global player of the sector, exports automobiles, spare parts, molds and trained labour to 54 countries around the world.

3.2. CHRONOLOGICAL DEVELOPMENT

Date	Product - Production - Market Share - Shares - Foundation - Organization Industrial Relation and Events in Turkey
October 1, 1968	Foundation Of Tofaş with 30.000.000 TL Capital
April 13, 1969	Start-Up Of The Factory Building
1970	Devaluation \$1=15 TL
31 December 1970	First 124 is Produced
1970's	Government Controls The Prices
1970's	Nationalization And Currency Substitution Becomes Government Policy
February 12, 1971	Factory is Open. Serial Production Of 124
March 12, 1971	12 March Memorandum
May 14, 1971	First Production in Oyak Renault
1972	Year Of Highest Market Share Rate (52.4%)
March 17, 1972	"Proposal And invention Boxes" Are Put Around The Plant To Take Employees Proposal
July 16, 1973	First Strike And Lockout
August 27, 1973	Strike Finished
December 29, 1973	50 Thousand Cars
1974	World Petroleum Crisis
August 1974	Tofaş Sas is Founded
1974	First Export (Egypt-Cyprus-75 Cars)
1974	Kofison is Founded Which Targets To Produce Using Currency Exchange Obtained From Exportation
February 4, 1974	Tofaş Cooperative is Founded
July 25, 1974	Working Hours Changed Due To Blackout
July 30, 1974	Turkish And italian Personnel Donated Their One Day Salary To Turkish Air Force And Navy Because Of The War
1976	124 Production is Terminated
1977	Market Share Starts To Decrease (28.3%)

Date	Product - Production - Market Share - Shares - Foundation - Organization Industrial Relation and Events in Turkey
January 1977	131 Production Starts
July 1977	First Lay Off (384 Persons)
1978	Car Export Due To Foreign Currency Shortage
March 1978	Stand-By With IMF
1979	First Group Employment (300 Persons)
July 1979	Stand-By With IMF
1980	Second Lay Off (400 Persons)
January 25, 1980	24 January Decision
September 12, 1980	Military Forces Took Over
1980	Year Of The Lowest Production (12.350)
1981	Market Leadership Started Which Will Continue For 17 Years
1981	Bird Series Started (Şahin, Doğan, Kartal)
1981	Nationalization Speeds Up
1983	Production increase, which will continue until 1993, starts
1983	Model/Year Changes Starts
1983	its Target To increase Production Capacity To 200 Thousand Until 1989
September 1983	Serçe Production Starts
December 1984	Quality Circle Starts
April 30, 1987	State Share Transfer
1988	Makina Kimya Privatization Period
January 4, 1988	131 New Body
December 1989	First Tofaş Brain Storming
1990	Tempra Production Starts. First Produced Car With Fiat
1990	With Production Of Tempra Restyling Stopped
December 26, 1990	Second Strike

Date	Product - Production - Market Share - Shares - Foundation - Organization Industrial Relation and Events in Turkey
1991	First Customer Satisfaction Survey
1991	Ckd Export Egypt-Nasco
1991	Tofaş Shares Are Opened To Public
January 25, 1991	Second Strike Finished
November 3, 1993	Tempra Sw Production Starts
1993	Year Of Highest Production (200.740)
November 10, 1993	Tipo Production Starts
1993 May	First Self Assessment
October 1, 1993	Koç 2000
November 1993	"Transition To Autocontrol" Starts
1994	Feasibility Studies For The New Plant
September 22, 1994	Uno Production Starts
April 1, 1994	Transition To Tofaş 2000 From Koç 2000
1994	1346 Workers Left Their Job With The Reason Of Retirement, End Of Contract Or Encouragement To Resign
June 12, 1994	Third Lay Off (1840 Persons)
1995	New Product Decision Discussions Starts And Continuous Until July 1997
1995	R&D is Founded (Ar-Ge)
1995	Tempra Exportation To Europe 1995-1996
January 1, 1995	Integrated Factory
February 24, 1995	Koç And Fiat Shares Are Equalled (37.86%)
October 1995	Tofaş Proposal System Starts
1996	Tofaş Business Unit Public Relations Department is Founded
1996	Application For Kalder Quality Price
1996	Vision, Mission And Values Became Written
March 1996	First Employee Commitment Survey

Date	Product - Production - Market Share - Shares - Foundation - Organization Industrial Relation and Events in Turkey
1997	Export Car Proportion Exceeded Tofaş (35,3% - 26,8%)
January 2, 1997	Fourth Lay Off (1010 Persons)
January 13, 1997	Kaizen Applications Starts
July 1997	Fiat-Koç New Partnership Contract
July 1998	Information System integration With Fiat
1998	Tot-Opar Merged
1998	Tot-Tofaş Joint Service Units Started To Form. (Finance, Spare Part, System)
1998	Vision, Mission And Values Are Revised
1998	After 17 Years Market Leadership is Finished (23.8%)
1998	Fiat Starts To Transferred Codesign To Producers with beginning of 178 Production
January 10, 1998	Palio Production Starts
1998	Tempra Production Finishes
March 9, 1998	Iso 9001
April 2, 1998	Siena&Palio Weekend Production Starts
November 10, 1998	Iso 14000
January 4, 1999	Fifth Lay Off (808 Persons)
February 4, 1999	First Lpg Auto Produced
February 1999	integration With Fiat And Organizational Changes
March 1999	Palio Weekend Export To Europe
April 1999	Sixth Lay Off, 92 White Collar
May 18, 1999	Tofaş Basketball Team is Champion in The League
August 1999	Opar Starts To Operate Within The Plant
October 1999	Market Share is At Lowest Rate (First 10th Months 21,1%)
October 12, 1999	Launch Of Local Marea
October 27, 1999	Launch Of Local Brava

Date	Product - Production - Market Share - Shares - Foundation - Organization Industrial Relation and Events in Turkey
November 26, 1999	Central Bank stated it's new currency policy
June 2000	Tofaş Basketball Team is Closed
July 2000	Strategic Communication Plan Started To Apply
November 2000	Tofaş in Autoshow Fair With The Largest Stand Ever Produced in Turkey
March 25, 2002	All dealers, sales and after sales personnel get together for Drum Show - 2208 personnel
April 2002	Launch of Albea
June 2002	Anadolu Arabaları Museum is founded in Bursa
February 17, 2003	200th Doblo is taken down from the production line
February 2003	32th year in production
February 2003	Tofaş is in Guinness World Records Related The Largest Drum Ensemble Consist of 2208 Participant
March 2003	Launch of Stilo
July 2003	2.000.000th Automobile is Produced
September 2003	Launch of New Fiat Punto
October 2003	Diesel Engine Option of Fiat Albea
March 2004	Stilo is Renovated
2004 May	Launch of Panda / "Ateşli Panda"
2004	Panda is Chosen "Car of The Year" / Tugba Unsal is a celebrity of Panda
July 2004	Microsoft and Fiat Cooperation in Automotive Industry
September 2004	First pick-up Launch "Strada"
November 2004	Kışkırtıcı Fiat Idea - Launch of Idea On the Market
2004	Fiat Idea advertising film, acted George Clooney
2004	Keep on Extending Product Range with Fiat Idea
2005	Launch of New Fiat Doblo
2005	Doblo is Chosen "Van Of The Year"
2005	Announcing of D200 Project

Date	Product - Production - Market Share - Shares - Foundation - Organization Industrial Relation and Events in Turkey
February 2006	Launch of Grande Punto
March 2006	2000th Grande Punto is sold
December 2006	Launch of Sedici
December 2006	Autoshow 2006 - New Face of Fiat
2006	World Premier of Linea at CNR Expo Center in Turkey

3.3. TOFAŞ'S PERSPECTIVE ON MISSION AND VISION STATEMENT IN THE YEAR OF 2006

Mission statement of Tofaş;

- To Produce Cars, Light Commercial Vehicles and their parts under a Fiat License,
- To sell Fiat and Alfa Romeo Productions in all the markets under our responsibility,
- To undertake R&D Work on behalf of Fiat-Auto,
- To achieve the business results expected by all the stakeholders by providing the needed resources.

Vision Statement of Tofaş;

The Most Preferred & Admired Company in the Turkish Industry by its Stakeholders;

- Providing superior & innovative purchasing & ownership experince to customers,

- Having a Work Environment that enables everyone to fully exploit his/her potential,
- Being the most competitive LCV Center for Fiat and its network of alliances.

3.4. THE JUSTIFICATION FOR BRAND IMAGE TURNAROUND PROJECT

*“A small size otomobile is a necessity, not
a luxury for the community.*

*However, for answering this purpose,
cost of automobiles and sales prices have to be kept at an acceptable level.”*

(Vehbi Koç, 12.2.1971)

Tofaş was the leader in the Turkish automotive industry for a very long time. During its history of 38 years was the market leader for 21 years, the highest revenue making company for 11 years and had lots of tax and export award. We can not ignore the fact that, Tofaş produced the first Made in Turkey Automobile; furthermore, it contributed to Turkish economy by creating new fields of business activity.

However, due to the economic crisis in Turkey, Tofaş had experienced a market loss. The total automotive market, which was 450 thousand in 2000, had decreased to 125 thousand in 2002. This situation negatively affected the Turkish automotive industry. Moreover, the re-organizational studies on Fiat side were endangering Fiat’s worldwide reputation.

And we can also underline Turkey's Customs Union Agreement with Europe is another reason of market loss. Customs Union Agreement entered into force in January 1996. Following the agreement, Turkey eliminated tariffs on manufactured imports from the EU, adopted the EU common external tariff for manufacturing products. This regulation referred to equality of competitive opportunities between like products and services, irrespective of the country of origin. Following the entry into force of the customs union with the European Union, the Turkish motor vehicle industry has been exposed to increased competition. Tariffs on passenger cars have been eliminated on imports from EU countries, and the adoption of the EU common external tariff has resulted in a decrease in tariffs on imports from third countries from 58% in 1993 to 13.9% in 1998. But unfortunately, by these reasons the customer's purchase preferences have changed. This fluctuation is shown in Table 3.1., 3.2. and 3.3.

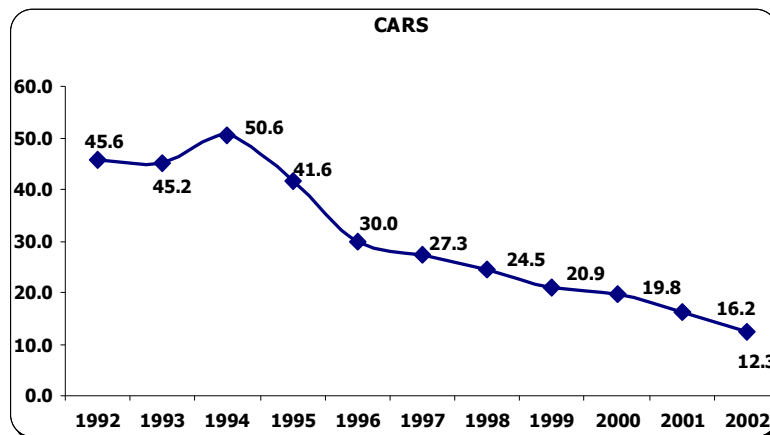


Table 3.1. Performance of Tofaş on Car Market, from 1992 till 2002 ⁸⁹

⁸⁹ *Brand Image Turnaround Project*, 2003, International Developments BU Research

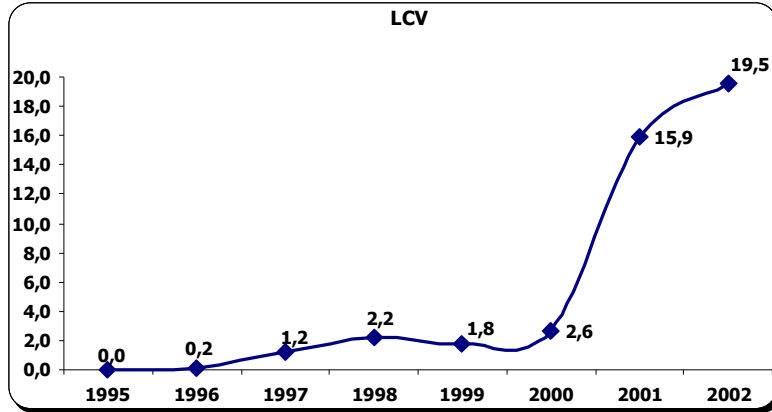


Table 3.2. Performance of Tofaş on LCV Market, from 1995 till 2002 ⁹⁰

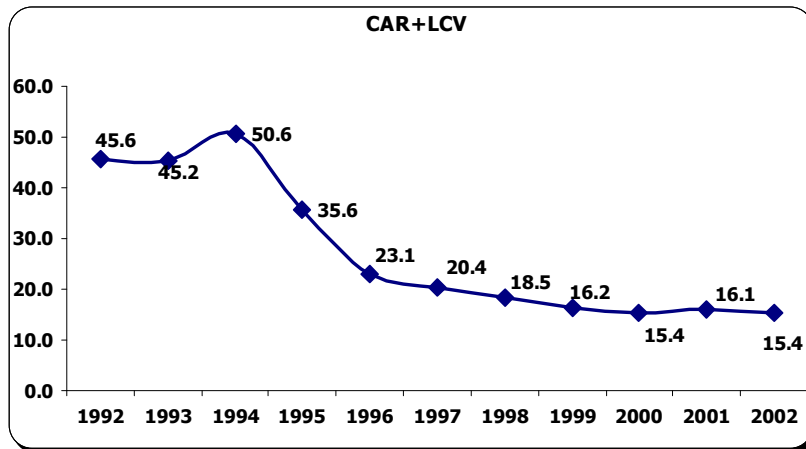


Table 3.3. Performance of Tofaş from the year of 1992 till 2002, both Car and LCV ⁹¹

At present, Tofaş and Fiat concepts are used in Tofaş-Fiat format which describes an investment partnership. In the year 2000, this usage was far from emphasizing the real roles played by these two companies as they are organized for automotive manufacturing and marketing. For this reason, a “Corporate Perception Study” were done by Strateji/MORI and “Brand

⁹⁰ Ibid

⁹¹ Ibid

Essence Study” were done by Decision Shop in September 1999 in order to clarify this issue.⁹²

Table 3.4. which is based on survey results (Corporate Perception Study) emphasizes that there is confusion about the brand and the corporation notions. It could be seen that Tofaş in Turkey as a company rates higher than Fiat.

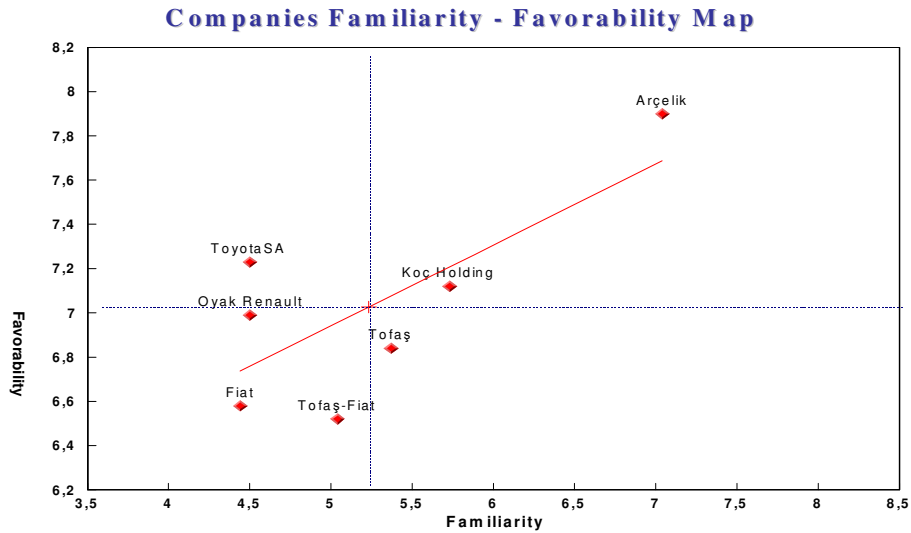


Table 3.4. Corporate Perception Strategy⁹³

“Brand Essence Study” results are shown in Table 3.5. It describes that both Fiat and Tofaş names are perceived as brands and also that as a brand, Tofaş rates lower than Fiat.

⁹² Tofaş-Fiat 2000 Brand and Corporate Perception Strategy

⁹³ Tofaş-Fiat 2000 Brand and Corporate Perception Strategy, Strateji/MORI Survey

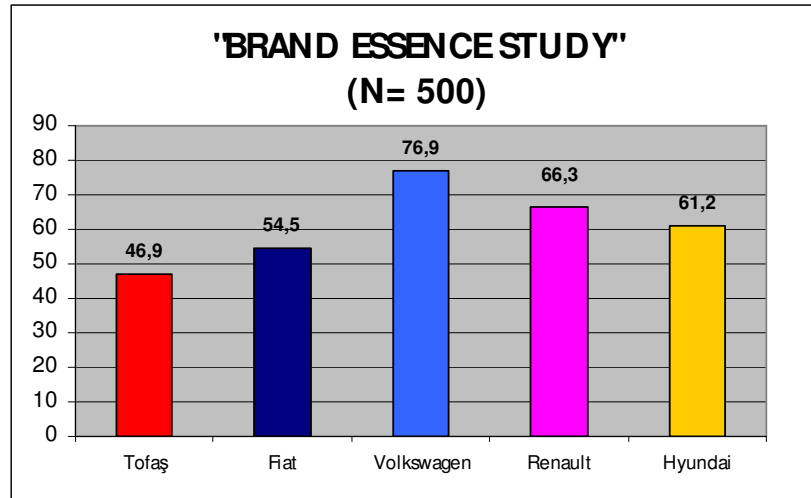


Table 3.5. Brand Essence Study ⁹⁴

In consequence, due to the following reasons;

- To accomodate the increasing competition pressures,
- To maintain its competitive advantage,
- To provide a clear perception of brand and corporation,
- To emphasize that Tofaş is a manufacturer and exporter of Fiat cars and spare parts,
- To remove negative impact of “Bird Series Heritage” (Bird Series is composed of Serçe, Kartal, Doğan, Şahin)

Tofaş has started a giant restructuring “Image Turnaround”⁹⁵ project. The starting main point of this plan is to replace the negative perception of Tofaş and Fiat concepts in the Turkish society and potential buyers with a new and positive perception in accordance with business target.

⁹⁴ Tofaş-Fiat 2000 Brand and Corporate Perception Strategy, Decision Shop

⁹⁵ *Brand Image Turnaround Project*, 2003

The changed vision and the attack had to be perceived by the employees within the company, dealers and staff working in the service network. In order for this attack to turn into a success, it was vital to ensure employees' trust and belief in the company, unless the consumers would never understand this change. The company was in need of an internal relations activity to underline the strength of Tofaş family.

In line with "Image Turnaround" project, Tofaş planned to reposition its brands along with the corporation itself and as well as to this, the firm prioritized to renew of all product range and the corporate vision. In order to explain this change program to Tofaş employees an internal organization called "Drum Show" was organized. During the Drum Show, the largest drum ensemble consisted of 2.208 participants gathered at Mydonese Showland, Istanbul on March 17, 2002. The ensemble consisted of members of Tofaş and was led by the popular Turkish rhythm band Harem. This gathering has taken its place in the Guinness Book of World Records.⁹⁶ This organization was the first step of "Image Turnaround" projects.

The leader and the well-known company of the Turkish automotive industry, Tofaş, was planning to execute nine new car launches and to improve sales and after sales services supports. The management of Tofaş, wanted to snap to an opportunity in 2002 by improving its reputation, which would permit to increase its market share. Therefore, Tofaş proclaimed the year 2002 as the attack year.

⁹⁶ <http://www.ipra.org/library/docs/gwa3067.htm>

3.5. REPOSITIONING OF TOFAŞ

As Vehbi Koç mentioned during the opening ceremony of Tofaş Automobile Factory located in Bursa in 1971; “In order to meet the automobile demand of Turkish people, Tofaş has ensured its’ production costs and sales prices to be at an acceptable level. Besides that fact, Tofaş has also managed to respond to Turkish people’s desire to possess an automobile. Thus, this corporation has managed to facilitate purchasing an automobile and therefore, it has always been the leader in its’ sector.

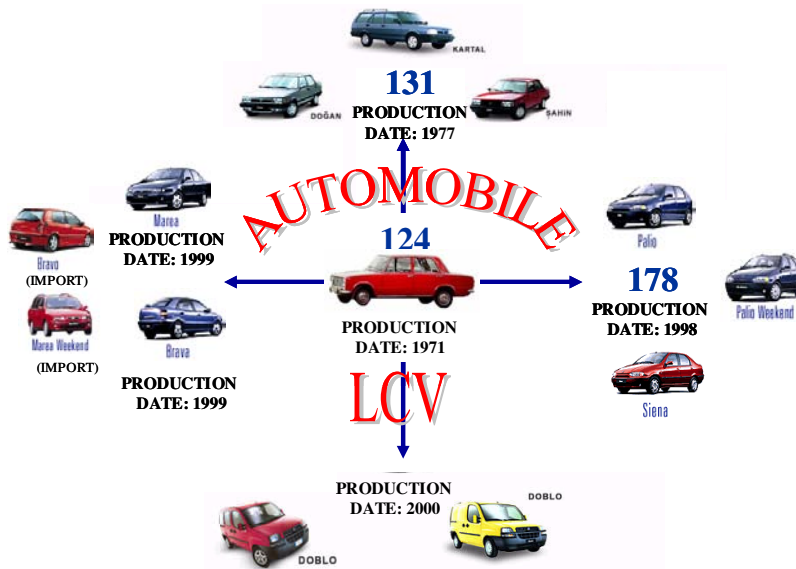


Figure 3.2. Tofaş and its’ products

At the earlier years of its’ establishment, Tofaş began producing Fiat 124, the most popular family car in Europe at that time, under the name “Murat 124”, which means “desire”, in order to meet the requirements of a vast population in Turkey. Nonetheless, for the first time, “the family car concept”

has emerged in Turkey, with Murat 124's entry into Turkish market. The brand name "Murat" has been created throughout a national contest and the jury declared that the brand name "Murat" had been chosen because it represented the will, the desire of Turkish people to buy a car. (See Appendix 1)

After the production of Fiat 124 in Turkey, Tofaş also began manufacturing Fiat 131 model, under the name "Murat 131" from the beginning of 1977. In the coming years, the "Murat 131" series had been adjusted to Turkish standards and many changes regarding design and equipments had been adopted. In 1981, the "bird models" were created on the basis of "Murat 131": Şahin, Doğan, Kartal (See Appendix 2). At the same year, with some basic modifications on the model, the "Murat 124" was entitled "Serçe" and was began to be produced under the "bird series"

At this point, we might say that, from its' establishment until 1990, Tofaş had only produced "the bird series" for nearly 20 years. In 1990, a new model would come out from Tofaş production lines: Fiat TEMPRA

On the other hand, automobile production and sales have constantly followed an increasing trend until 1993 in Turkey. Nevertheless, by the year 1990, this increasing trend could not be classified as a total booming, it had rather been an increasing tendency in terms of sales volume. As mentioned above, the companies had only invested in their total production capacity in this period, but they had not invested in developing new models. In brief, a

significant augmentation in automobile demand had been reached and domestic demand had been increased thanks to the consumer credits, from beginning of 1990.

In the first half of 1990s, Tofaş preferred producing new models other than “the bird series” in this new environment, where demand remained high. Tempra in 1990, Tipo in 1993, Uno in 1994 were begun to be produced in Turkey. Nevertheless, the domestic demand for “the bird series” remained significantly high, and their production continued.

These “good days” between 1990-1993 ended up with the economic crisis in 1994. The automotive sector had gone through a severe shock for several years. Besides that, after the entry into force of the Customs union agreement with the EU in 1996, the domestic producers faced the competitive pressure of foreign brands. In this new era, the domestic producers also began manufacturing new and contemporary models in order to keep their market volumes. Oyak-Renault commenced producing Megane in 1997 and Clio in 1998. Koç Group turned over its’ majority shares to Fiat and became a part of “Fiat family”. After completing its’ re-organization, Tofaş began the production of Palio and Siena in 1998, Marea and Brava in 1999.

Nevertheless, as can might be seen from the table above, a significant decrease in Tofaş’s market share had been observed in this new competitive environment. Tofaş’s total market share decreased to 20% by 2000 whereas

it had been 40% in 1995. Consequently, “Corporate and Brand Image Turnaround and Repositioning of the Brand” project was launched due to the reasons such as: To comply with the competition pressure of the other brands, maintain its’ competitive force, re-obtain its’ market share and to meet the consumers’ changing needs. This new project was announced to the public through a press meeting held on March 2002.

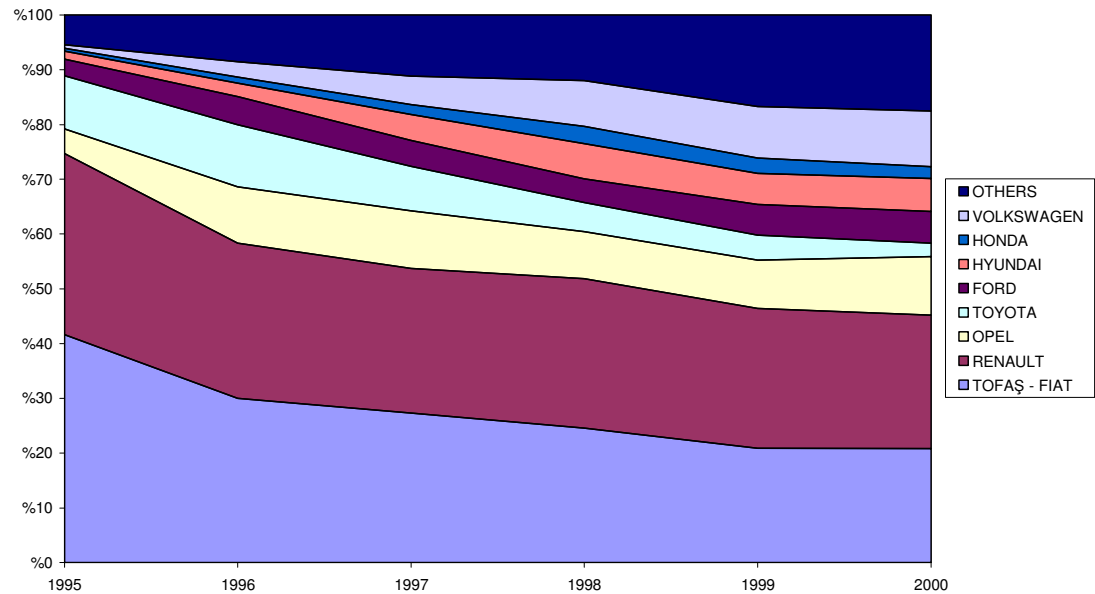


Table 3.6. Market Shares from 1995 till 2000

The first step of this project was to influence the perception of target audience : Tofaş is a corporation and Fiat is brand. Within this framework, corporate and brand’s logos would be dissociated and changed in all printing and visual advertising materials including TVs and newspapers ads, brochures, leaflets, billboards, posters, product introduction films, outside brandings of showrooms (such as signboards and totems). Tofaş and Fiat

logos would not be used side by side, except in unforeseen situations, in ad campaign would be only Fiat logo.

The points that Tofaş and Fiat needed to emphasize, and that were not well understood in the market, are given below : ⁹⁷

- Fiat and Koç partnership has given birth to Tofaş and Tofaş Oto Ticaret
- Koç Holding and Fiat Auto are stakeholders of Tofaş and Tofaş Oto Ticaret
- The companies that operate in Turkey commercially are Tofaş and Tofaş Oto Ticaret
- Tofaş company is the company that manufactures Fiat cars, spare parts and exports its products to Fiat Auto
- Tofaş Oto Ticaret provides marketing, sales and after sales services for all Fiat products including the ones which are produced by Tofaş, in territory.

In light of these points, Tofaş's mission wae prepared again in the year 2001:⁹⁸ "Our mission is to produce and sell cars, light commercial vehicles and their parts under a Fiat license, and to undertake R&D work on behalf of Fiat Auto while creating and providing (procuring) the needed resources in order to provide the business results expected by our stakeholders."

⁹⁷ Tofaş-Fiat 2000 Brand and Corporate Perception Strategy

⁹⁸ *Tofaş Image Turnaround Project, 2002*

On the other hand, Tofaş with its corporate face would be known as an experienced firm, strong, national power, world wide connection owner and would be positioned as an “assurance” not rural, old fashioned and boring. Within this framework, In 2001 Tofaş’ s vision were formed again : ⁹⁹

TOFAŞ

- Is the global provider of transportation products and services that shape the dreams of the customers and turn their needs into pleasure,
- Is a family of creative, multi-skilled and participative people that easily adapt to the changes in its environment,
- Together with its stakeholders, is one of the game makers of Fiat-Auto in product definition, design, production start-up and production processes,
- Is the national leader that develops the Turkish automotive industry in line with the sectoral vision set up with the state,
- Is the national leader that increases the social consciousness in transportation security and environmental issues,
- Is the pave setter in the domains of science, education, sports and environment, for the city of Bursa.

3.6. ABOUT FIAT BRAND

Fiat is a world wide and huge industrial Group with more than one hundred years' experience in the motor vehicle field, designing, manufacturing and marketing cars, trucks, tractors, agricultural machinery,

⁹⁹ Ibid.

construction equipment, motor vehicle engines and components, and production systems.¹⁰⁰

The Group is present in 190 countries, including Turkey, and performs manufacturing and service activities through Operating Sectors, which can be divided into business areas.



Figure 3.3. Fiat 4HP, in the year 1899

Fiat Auto produces and sells automobiles under the Fiat, Alfa Romeo and Lancia brands and light commercial vehicles under the Fiat brand. It provides financing services to its dealers and suppliers and rental services to its customers. The Fiat Group also controls Maserati and Ferrari. These two

¹⁰⁰ *An Automotive Group*, Retrieved January, 2007, from <http://www.fiatgroup.com/main.php?w=RCDTMHHZZGVL4HKSQ0Y3&tl=Gruppo%20Fiat&gs=Profile>

companies produce luxury sports cars that excel for their exclusive characteristics, technology and performance.

The Fiat name is an acronym for “Fabbrica Italiana Automobili Torino” which means Italian Car Factory of Turin, founded by a group of investors, Giovanni Agnelli, in 1899.¹⁰¹ Torino which is located North of Italy could be also renamed as industry city, on the other hand the city had adequate conditions in order to develop and enlarge the scope of the industry corporation such as Fiat.

Turkey is of strategic importance for the Fiat group, which has production facilities located in Bursa since 1971. In the case of Fiat Auto, its share of the capital of Tofas (Turk Otomobil Fabrikasi As), the industrial affiliate, was worth 41.5 % of total capital.

From Tofaş’s establishment until 1990, it has only produced Murat 124 (as well as Fiat 124 in other countries), Murat 131(as well as Fiat 131) and “Bird Series”(Doğan, Kartal and Şahin). After that year; Tempra in 1990, Tipo in 1993, Uno in 1994, Palio and Siena in 1998, Marea and Brava in 1999 were produced.

But Fiat (as well as Tofaş in Turkey, at the end of 1990s) could hardly improve its reputation as a producer of quality cars, because it has for a long time been associated with mature low-range products, viewed by consumers

¹⁰¹ <http://www.fiat.com.tr/history.htm>

as low price, reliable but low quality. Accordingly, brand image's of Fiat have decreased by consumer sides.

3.7. CUSTOMER'S PROFILE OF FIAT BRAND

In general Fiat users give more importance to get the happy part of the life as much as possible. They are more sensitive towards people in their milieu. Importance of personal relations, family, nature and having regular life style are some common features of their personality.¹⁰²

Responsibilities are very important issue in their lives. In this respect raising children according to social expectations are important. Although a few of them defines themselves as "egoist" and trying to live his/her own life, they have "dependency" feelings subconsciously.

We can also describe Fiat customers as mostly male, over middle aged, married and relatively low educated. Furthermore, Palio buyers are younger and higher educated people compared to the other Fiat users, especially Doblo customers. The rates of single and female among Palio customers are also higher than those of the other Fiat users.¹⁰³

¹⁰² *Brand Image Turnaround Project, 2003 and Image Turnaround Project, 2001-2002*

¹⁰³ *Brand Image Turnaround Project, 2003*

When the customer profiles of Fiat models are compared against those of the competitors in their segments, we can achieve the results quoted below:

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- The rates of male, married Palio customers are higher than that of segment average while their education level is slightly below. Palio buyers are also a little older compared to the competitors.
- Albea users are higher educated than the competitors in the segment while the rates of female and single are lower than the segment average.
- Marea owners are older and lower educated people compared to most competitors.
- The rate of being married is significantly higher among Doblo customers compared to the competitors.

Fiat cars are used mainly for “city driving” and “commuting to and from work”. More than half of the owners go to shopping in their cars at least once a week . Weekend trips are also one of the activities which 3 out of every 4 users drive their Fiat for at least once a week. Roughly half of them go to a holiday once a year driving their Fiat. 1 out of every 3 Fiat users (excluding the Doblo users) carry large items in the car once a week. As Doblo is a suitable vehicle for transportation of both people and material, Doblo’s usage

¹⁰⁴ *New Car Buyers Survey 2001/2002, Doblo First Buyers Survey, Apr 2003 and Albea First Buyers Survey, Mar 2003*

for carrying large items as well as for business purposes is more than that of other Fiat models.¹⁰⁵

Fiat preference mainly results from;

- Its being a local brand
- Having cheap spare parts available everywhere
- Having wide service range
- Having good resale price
- Less fuel consumption
- Driving pleasure

Fiat users are more sensitive to price than competitor users and this situation indicates that Fiat users develop rational attachment to their cars.¹⁰⁶

3.8. STRATEGY

Today national competition has become global competition emphasized with developments in technology, changing conditions and consumer expectations. In this competitive environment, there is the need to determine a strategic direction. Especially in automobile industry, where major startup investments are made and returns are expected in the long term, companies need a long-term to survive. Here are “Corporate brand positioning” and

¹⁰⁵ *Brand Image Turnaround Project, 2003, Palio First Buyers Survey, Feb 2003 Doblo First Buyers Survey, Apr 2003 and Albea First Buyers Survey, Mar 2003*

¹⁰⁶ *Image Turnaround Project 2001/2002*

“perception development” strategies which are formed by Tofaş in the year 2000.

3.8.1. Corporate Brand Positioning

Strategy 1:

A new brand and corporate re-positioning needs to be initiated. Both target audience perception and observed situation suggest that Tofaş is corporation while Fiat is a brand. Strategic and Integrated Communications Plan should try to influence the perception of the target audience. By adding different and new meaning to Tofaş corporation and Fiat brand, target audience should be assisted in perceiving the concepts included in the “Messages”.¹⁰⁷ See Figure 3.4.

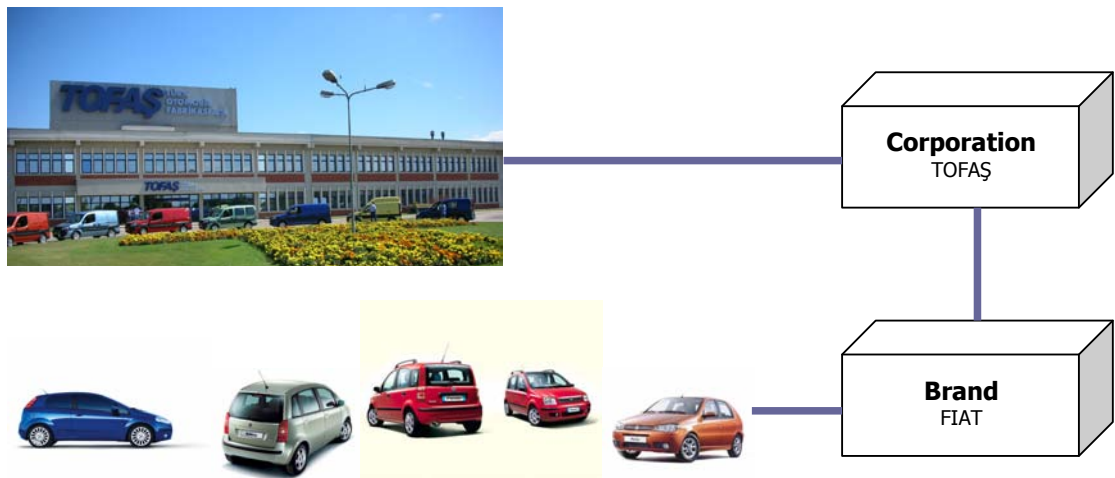


Figure 3.4. Brand and Corporation Perception Concept

¹⁰⁷ Tofaş 2000 Brand and Corporate Perception Strategy

Strategy 2:

This strategy should not be considered only as a theoretical approach, but should be implemented at all levels as well, in order to affect the perception. At that time, in the eyes of Tofaş-Fiat target audience, a problem in the perception of Koç, Fiat, Tofaş and Tofaş-Fiat concepts have been observed. In practice, how the concepts of Tofaş, Fiat, Tofaş-Fiat and Koç will be used in the advertisement and in sponsorships, should be defined in the Strategic Communications Plan as follows. The implementation should begin in line with the principles outlined in the definition. The path is the implementation of the theory defined in Strategy 1.

When Philip Kotler's 4P's are taken into consideration:

PRICE : Determined and implemented by the Tofaş Business Unit

PRODUCT : Automobiles carry the Fiat brand

PLACE : 3S channels are inside Tofaş Business Unit

PROMOTION : These activities are carried out by Tofaş Business Unit

"Tofaş Business Unit"¹⁰⁸ signature should be included in advertisements alongside services such as sales, spare parts and service together with the Koç Holding logo. See Figure 3.5.

¹⁰⁸ Tofaş Business Unit: It is the company that manufactures, markets, sells, exports, provides after sales services and spare parts for Fiat Products.

Ad Campaign aimed to better promote Fiat brand image in Turkey should only carry the Fiat signature. See Figure 3.6.



Figure 3.5. Half page opening ad design



Figure 3.6. Billboard Poster Design

Another important point is; to obliterate completely the confusion in the perceptions of target audience, Tofaş and Fiat logos will not be used side by side (except in unforeseen situations) See Figure 3.7.



Figure 3.7. Corporate Usage of Logos

In terms of implementing the new corporate and brand positioning, some novelties should be applied to the dealer network; such as branded totems and signboards of showroom. (See Appendix 3)

3.8.2. Perception Development

Strategy 1:

In the messages section, Tofaş, positioned as a national value, should be called by its full commercial name.

The contributions of the new paradigm to corporate perceptions are:

1. Tofaş is a national wealth
2. The fact that Tofaş is the sole local car manufacturing enterprise carrying the title of “Türk” (meaning Turkish) in its official full commercial name

3. The opportunity to create a synergy within the “locally produced automobile” concept; Tofaş should try to popularize through its business and communication processes, and the most important recent trend of “national pride”
4. The opportunity to create a new motif to obliterate the “tired face” phenomenon that rised from the fact that Tofaş was a 29 year old company

Strategy 2:

Tofaş with its corporate face should be known as a 29 year old, strong, national power and should be positioned as an “assurance”. On the other hand, Fiat should be offered to the consumer under the concept of young, dynamic, spirited and adventurous.

The strategy at that point was to present two different portraits to the two different groups and market the products of the Strategic Communication Plan. A corporate and trust based communication should be directed to the goup defined as the traditional market. To the potential market, brand and favorability based communication tools and activities should be directed.

Strategy 3:

Psychologists have proved that the perception of the parts influences the perception of the whole. The Strategic Communication Plan, which has been aimed to change the emotions of the target audience for Tofaş and Fiat, proposed this principles as the method to change the Fiat perception. The

products selected from Fiat' s import product range, should be used to increase Fiat favorability for the target audience.

These products were Coupe, Bravo, Multipla, Punto GT and automatic. By presenting these products to the target audience in showrooms, exhibition centres, youth related activities and sales campaigns, Fiat brand perception should be raised. Familiarizing the target audience with these vehicles and creating awareness that these Fiat products should increase the favorable image of 178¹⁰⁹, Brava and Marea.

Strategy 4:

The development of perception of Fiat and Tofaş, should be corporate's aspect for satisfying the customers. The new corporate and brand faces should motivate the clients that made investments on both Fiat and Tofaş. On the other hand, satisfied customers can serve as the advocates Tofaş and Fiat products and services. They can serve as an ideal communication medium for leveraging the corporate perception through word of mouth.

Strategy 5:

Tofaş should create an alternative communication medium consisting of the employees and dealers. The company needs to give these two groups a special and important role knowing that the first impression is the most important one. The scope of this communication platform should not only be

¹⁰⁹ 178 model describes Fiat Palio and Fiat Siena models

restricted to the business environment and working hours but should also cover social environment and leisure hours of these groups.

Strategy 6:

All the Fiat product's values and necessities have to be mentioned to the right target audiences. And these values, should be defined according to the priorities of the target audiences. This strategy consists of differentiating the product communications according to product and targets, emphasizing their common intersections.

Strategy 7:

Tofaş and Fiat should not undertake sponsorship other than some pre defined socio-cultural areas. The path to be followed is to redesign the perception of the target audience and at the same time to reorganize the most effective communications activities. This can be achieved by investing more on each of the designated activities and consequently investing less for their total.

3.9. MESSAGES

- **Fiat Brand's Core Message is;**

"Fiat is an approachable, young, dynamic and smart brand of everyday life."¹¹⁰

¹¹⁰ Tofaş-Fiat 2000 Brand Turnaround Project, p. 60

- **Fiat Brand’s Main Messages is;**¹¹¹

*“The Automobiles that present beautiful design, high performance and compatibility to the Turkish road conditions with only for local products”*¹¹²

The sentence can be divided into two parts;

The first part of the sentence : *The Automobiles that present beautiful design, high performance and compatibility to the Turkish road conditions,* emphasizes the three characteristics to create the perception that Fiat automobiles are better than competitors.

The second part of sentence : *with only for “local products”*, emphasizes that the main point of differentiating Fiat cars, provided with Tofaş assurance, from its competitors.

- **Tofaş’s First Core Message is;**

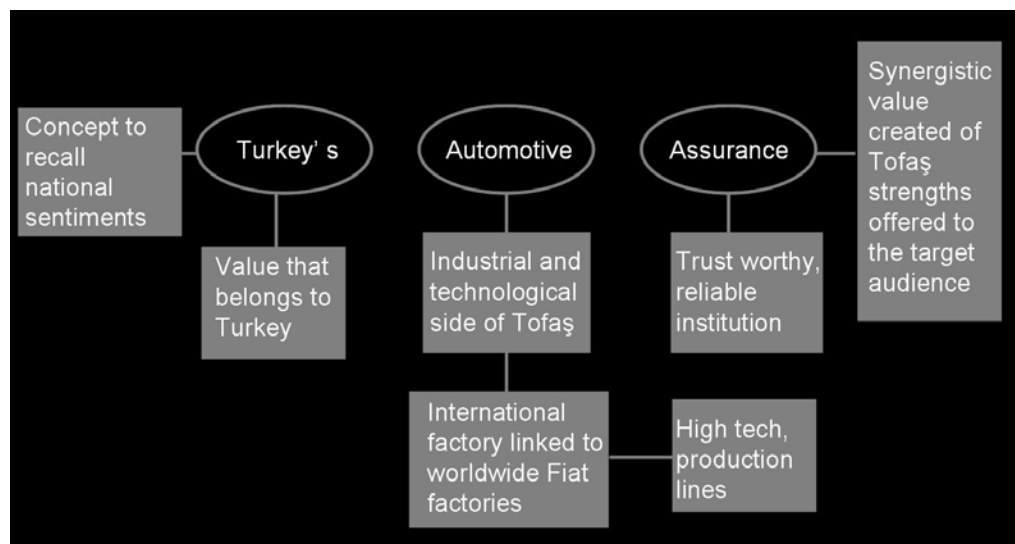


Table 3.7. Tofaş’s First Core Message

¹¹¹ Ibid., p. 61

¹¹² Ibid.

*“Turkey’s Automotive Assurance”*¹¹³ defines that; Tofaş with its corporate face will be known as strong, national power, technological, worldwide connection owner, reliable and will be positioned as an “assurance”.

- **Tofaş’s Second Core Message is;**

The giant that is undergoing a whole transformation in its organization, products, employees and service network : TOFAŞ

The message to be given to internal and external target audience that is going to create the new TOFAŞ perception, which states that Tofaş is undergoing a rapid change through all its units.

- **Tofaş’s Main Messages are;**¹¹⁴

“Tofaş, born out of Koç – Fiat partnership, is the stable and strong automotive institution of Turkey.”

and *“Tofaş, creates added value for the Turkish economy with export and domestic production.”*

and *“Tofaş is one of the most important and trustworthy manufacturing centers of Fiat Auto SPA in the global market.”*¹¹⁵

¹¹³ Ibid., p. 63

¹¹⁴ Ibid., p. 64

¹¹⁵ Ibid., p. 65

CHAPTER IV

COMMUNICATION ACTIVITIES AND INVESTMENTS

FOR THE PROJECT

Because this thesis is based on brand image and repositioning, it is essential to emphasize Image Turnaround Projects' communication plans and activities. In this chapter, from the year of 2002 till 2005, all of the activities will be defined. Afterwards, a short overview of the study and research findings will be presented.

4.1. Activities in 2002

The 2002 Brand Turnaround Project: The Breakthrough Year 2002 began with the major internal communication meeting held at Mydonose Showland on March 17, 2002. In order to explain this changing and new structuring to its' employees an internal organization called "Drum Show" was organized. In addition, the press conference took place on March 18, 2002. In this conference; the public was announced the decision to "start the change and turn 2002 into a Breakthrough Year" made unanimously by 2.208 employees of Tofaş in single rhythm and single heart. At the meeting, the entire dealer network was briefed in detail on the dealers' general profile, new products and the new organizational structure. Besides, the "drum show"

performed by 2.208 employees of Tofaş with the concept of “Booming Coming”.



Figure 4.1. Drum Show Organization

The Harem Group of Musicians accompanied to this group. This gathering held its place in the Guinness Book of World Records. As the first step of the change, the corporate identity campaign emphasizing the distinction between the corporation and the brand appeared in the press. Thus, it was announced at the meeting that Fiat and Alfa Romeo brand names were gathered under the roof of Tofaş.

Launches of Fiat Albea, Fiat Palio, Fiat Palio Sporting and Fiat Palio Weekend: The new Fiat Albea, Fiat Palio, Fiat Palio Sporting and Fiat Palo Weekend was launched with the participation of the press members and Fiat dealers on April 10 and 11 respectively at Sabiha Gökçen Airport. A location reflecting Tofaş’s technology concept. Subsequent to the presentation

meetings, Italian champion Cuniko and Fiat Abarth Motorsports Team's pilot Volkan Işık tested the Fiat cars with the reporters and Fiat dealers.

The “New Turkey Show” performed at Mydonose Showland: The “New Turkey Show” which demonstrating the association between innovation of the Fiat brand and the changing new Turkey was performed at Mydonose Showland with a major organization on April 11 evening. Tofaş employees and their guests altogether experienced the excitement. Tofaş's faith in the achievement of Turkish people at the international platform was displayed once again. The show featured both the biographies of figures of international success, Turkey's prides and Tofaş's achievements. In addition, the new products of Tofaş, Turkey's largest industrial organisation were also presented to the public. The “New Turkey Show” was broadcast live on Kanal D simultaneously with the show.

F1 World Champion M. Schumacher in Turkey: M. Schumacher, the best pilot ever in Formula 1 races, visited Turkey for the first time as Tofaş's guest to attend the Champions' Summit and participate in the PR events for Fiat Palio advertising film in which he had appeared. Subsequent to the press conference that was held at Çırağan Palace, Schumacher went to Bursa, Tofaş Plant, and tested and approved the New Fiat Palio.

The New Fiat Marea Launched: The New Marea with renewed rear design and enhanced equipment level was introduced in June 2002.

Collaboration of Autoexpert and Otomax: Scope of Autoexpert is extended to all the used vehicles and to the entire dealer network. In addition to the web site created for Autoexpert, it is ensured that all the Autoexpert services are accessible on the Otomax web site due to the collaboration with Otomax.

Local Marketing Events in 2002: According to the “Breakthrough Year” projects, local marketing events were organized throughout Turkey during summer time, in order to introduce New Fiat Palio and New Fiat Albea versions by testing and driving. These organizations were made especially in touristic resorts, universities and shopping malls where the target audience were. During this period, Tofaş’s dealers were visited by 40.000 persons.

Sponsorship Activities, “Sinyal”: Produced under the sponsorship of Tofaş, the programme “Sinyal” continued to be televised on Show TV every Sunday at 14:00. The “Sinyal” program producing constructive solutions to the traffic problems, one of Turkey’s problems of vital importance, shared the basic principles required to be observed with the audience in a pleasant way.

“TOFAŞ TV” The first Corporate TV Channel Launched: Turkey’s first corporate TV channel “Tofaş TV” started its broadcasting in order to enhance communication within the Tofaş dealer network, to share the tactical and strategic decisions with the entire organisation directly and simultaneously, on April 9, 2002.

Tofaş Newspaper: In order to improve internal communication, inform the employees of all the company-related developments, information and plans, Tofaş Newspaper started publication on a monthly basis in 2002.

Anatolian Carriages Museum in Bursa: Tofaş Bursa Anatolian Carriages Museum set up by Tofaş with the responsibility to embrace the past was opened in 2002. The Anatolian Carriages Museum was brought into existence after long lasting and hard endeavors, as one of Tofaş's most valuable projects,. With this exemplary realization, Tofaş staged a first in Turkey for the purpose of embracing Anatolia's carriage craft of thousands of years and presenting it to the future generations.

Tofaş Basketball Festival Continues: Tofaş pays great attention not only to automotive sector but also to sport activities. Tofaş was an innovator in 2002 with its investments in basketball infrastructure. Basketball schools continue to provide training in Antalya, Samsun, Rize, Karaman, Van, İzmir, Çorum, Sivas, Mardin, Eskişehir under the "Basketball Volunteers Project" jointly implemented with "Turkish Education Volunteers Foundation" as one leg of "Tofaşball" project and in Istanbul and in association with "Koç Allianz Insurance Company" in Adana, Antalya, Aksaray, Ankara, Kayseri, Kırıkkale, Aydın, Diyarbakır, Mersin, Iskenderun, Manisa, Bursa, Niğde, Nevşehir as the other leg under the "Tofaş Basketball Schools" projects.

Car Seat Research and Design Project: In association with the Mimar Sinan University, Faculty of Architecture, Department of Industrial Products

Design, the “New Approaches to Car Seat Design” project realized by Tofaş in Turkey. Projects developed by 19 students were included in this joint attempt towards development of Tofaş’s new product concepts. This project covering the students’ studies was published in a book and is a lasting example of Turkish industrial design.

2002 Sector Leader Tofaş: According to the data provided by OSD and ODD, Tofaş became the leader of the sector with a total sales of 24.042 vehicles contributed by 10.951 cars and 13.091 light commercial vehicles this year. As the leader of the sector, Tofaş generated considerable added value to the Turkish economy in terms of production, employment and exports.

2002 Brands Champion Tofaş: In 24 rallies participated in by Fiat Abarth Motorsports Team in 2002, Fiat team won the championship in 9 different categories.

- F3 Class Winner in Turkish Rally Championship
- Turkey Ladies Champion
- Ranked 2nd in General Classification in the Turkish Rally Championship
- Turkish Climbing Champion
- Winner of Category 2 in Turkish Climbing Championship
- Winner of Category 2 in Turkish Rally Cross Championship
- Winner of Class F3 in Turkish Course Championship
- Winner of Class N2 in Turkish Rally Championship

4.2. Activities in 2003

Fiat Stilo Launched: Fiat Stilo with its elegant, elite, sport and young image was launched as the first launch organization in 2003 from the middle of April to the beginning of June. Subsequent to the event, vehicle exhibitions were organized in cities such as Istanbul, Ankara, İzmir, Bursa and Adana in shopping centers which reflect its' target audience and are suitable to positioning Fiat Stilo during the launch campaign. Exhibitions started simultaneously with the launch campaign were at the center of attraction. Moreover, the Fiat Stilo exhibitions were also organized in Atatürk Airport domestic and international lines helped to the brand for introducing Fiat's product by reaching to an elite audience.

“2003, Not Over Yet!”: Fiat dealers were informed on the activities and possibilities until the end of 2003 in the dealership meeting held on September 18th, 2003 at Maslak Venue with the slogan of “2003, Not Over Yet!” In the meeting, dealers were provided with a presentation on Fiat Punto.

The Launch of Multijet: After the commissioning of Fiat's 2nd generation of diesel engine technology simultaneously with Italy in September, the diesel economy provided by 1.3 Multijet 16V 70 hp is started to be used in Fiat Punto, Fiat Albea and Fiat Palio models. The new wonder of technology ensures substantial fuel savings with the quieter, non-vibrating, impulsive and

satisfactory drive. The launch of Multijet engine started in September. It was supported with an intensive TV and newspaper advertisement campaign.

The Launch of Fiat Palio Van: The demand for commercial vehicles in 1A segment in the light vehicle market during the last months of 2002 was responded with Fiat Palio Van launched in June 2003, which has become the most popular vehicle in its segment until the end of year.

Fiat Doblo: As a result of the commencement of Excise Tax difference payment application upon converting commercial vehicles in 1B segment into passenger cars as of August 1st, 2003, the customer demands on Fiat Doblo Cargo version were routed to Fiat Doblo Cargo and Combi vehicles with the commissioning of these vehicles in September, and both Cargo and Combi versions of Fiat Doblo closed the year as the most popular models in their segments. On the other hand, the VIP version, which was launched as an aftersales solution, has become popular among the customers and held a share of 7% of the entire Fiat Doblo sales as of 2003.

Fiat Summer Festival: Between June 4th and July 31st, an intensive newspaper and radio advertisement campaign was promoted in the event held in Tofaş's dealers. Furthermore, Fiat brand advertisements were placed on billboards in important tourism centers in Aegean and Mediterranean regions as well as Istanbul, Ankara and İzmir. Everyone had the chance to win special presents and a Palio Sporting version of Fiat by test drive of Fiat models in the course of campaign.

Fiat Days of Luck: During December, national and local TV stations, newspapers and radio stations were intensively used in the “Days of Luck” campaign held in Fiat dealers in order to achieve the end of year sales targets. Everyone could enjoy a test drive with Fiat models and had the chance to win special presents and a Fiat Stilo.

Roadshows: The roadshows conducted for Fiat Stilo and Fiat Punto ensured introduction of these two models in almost all corners of our country.

TV Show Sponsorships, Sinyal and Performans: The TV show “Sinyal” sponsored by Fiat was on air in Show TV channel between 12:30-13:30 hours on every Sunday. Offering constructive solutions to one of the major problems in Turkey, traffic, the TV show “Sinyal” introduced the traffic rules to the audience in an entertaining manner.

Autoshow 2003: Tofaş participated in this fair with two brands and entities on the same stand. The objective was to present Fiat and Alfa Romeo brands on the same place where Tofaş would be the corporate basis for these brands.



Figure 4.2. Autoshow 2003,
Stand Plan of Fiat and Alfa
Romeo brands

This Motorshow was the occasion to present renewed range of both two brands: Fiat and Alfa Romeo. For the first time with the aim to be different from others, make a positive contribution to Fiat image, introduce new models to our visitors in the best manner, gain appreciation and offer a good image in the media news. A total of 250000 visitors visited the fair. Our stand, which was setup in this manner for the first time in Turkey, was appreciated by the visitors and offered a good image in the media news.

Double Happiness in Tofaş: 32nd anniversary of commissioning of Tofaş Plant and the manufacturing of 200 thousandth “Fiat Doblo” celebrated in a ceremony with the participation of managers and employees.

2 millionth vehicle: Fiat Palio Go, the 2 millionth vehicle of Tofaş left the production line in a magnificent organization held on July 26th, 2003 with the participation of our Prime Minister Recep Tayyip Erdoğan.

Tofaş Tv and Newspaper: Tofaş TV celebrated the first birthday on April. On the other hand Tofaş newspaper which was launched as a monthly periodical in 2002 in order to enhance internal communications and inform the employees on all the company related developments, information and plans, continued its activities successfully.

30 Years in Turkish Sports: Founded in 1974, Tofaş Sports Club preserves its position in the world of sports with the maturity of 30 years. During this 30 year period, the club served Turkey in various disciplines from

athletics to wrestling, from volleyball to basketball. Afterwards, basketball was chosen as the pilot sports where the club won two Second League Championships, two First League Championships, three Turkish Cup Championships, one Presidential Cup Championship and a total of ten Turkish Championships in various junior categories.

With the “Tofaşball” basketball festivals, Tofaş aims to impose sharing, teamwork, friendship, discipline, etc. fundamental to sports culture of youngsters. Moreover, Tofaş was cooperating with Istanbul based “Koç Allianz Insurance Company” within the scope of "Tofaş Basketball Schools" project to implement basketball schools in various provinces nationwide. These projects helped thousands of youngsters find the opportunity to meet basketball and sports.

Champion of Champions: Tofaş gives special importance to motor sports just like other leading automotive companies in the world. First appeared in motor sports scene in 1970s, Tofaş brought a new excitement to the racetracks with the Uno Cup since 1993. This adventure continued with Tipo Cup and Palio Cup. Fiat Palio Super 1600 that appeared on the racetracks in 2003 season as the first car manufactured in Turkey capable of racing on the international arenas won the Turkish Rally Championship in the very first season.

- Turkish Manufactures’ Championship
- Turkish Rally Championship

- Turkish Rally Co-pilot Championship
- Turkish Rally Super 1600 Championship
- Turkish Rally Super 1600 Co-pilot Championship
- Turkish Women Rally Championship
- Turkish Women Rally Co-pilot Championship
- Turkish Climbing Category 1 Championship
- Turkish Track Group F3 Championship
- Winner of Turkish Class N2 Championship

4.3. Activities in 2004

Panda is “Car of The Year”: The award ceremony for the “Car of the Year” competition has taken place on January 19, in Paris thanks to the French Automobile magazine which is called “L’Automobile Magazine”. Fiat Panda was voted too, and was chosen to be the “Car of the Year” in Europe in 2004 has entered assertively the Turkish market with its design, accessories, comfort, safety and price. On May 25 Fiat Panda has been introduced to the press at the Italian Consulate in Istanbul and then to the Fiat dealers at Feriye in Ortaköy (Istanbul) on May 27.

“Customer Relationships Principles” were announced: The Tofaş Dealers, managers, field personnel, teams and Tofaş officers have attended Fiat Work meeting for four days. Targets of 2004 and strategies to reach these targets have been discussed. The most important outcome has been

the creation of “Customer Relationships Principles”. The “Customer Relationships Principles” aimed “to serve a specific quality by reflecting brands values” in order to be on customers’ side and at their service whenever they need.

Suppliers Quality Award Ceremony: The “Suppliers Quality Award Ceremony” arranged according to the quality, delivery and service performance criteria of Tofaş have taken place at the Tofaş Bursa Plant on April 7. Besides quality performances, service and delivery performances also the fact that during the previous years no prize has been won, has been selected as additional criteria for the selection and at the end a total of 10 suppliers have been selected by the management committee for the award.

300.000th Vehicle: The 300.000th of Fiat Doblo, called as the export locomotive of Tofaş, is ceremonially taken off the end of production line.

Motorsports: Team members Hamdi Ünal-Kaan Özşenler racing at the 25th Pireli Rally with Fiat Palio Super 1600 have maintained their third place in the 1600 category and have guaranteed to take part at the Rally of Turkey which is one of the legs of the World Rally Championship, as the leader of the Super 1600 Championship.

Panda Press Test Drive: Test drive of Fiat Panda voted to be the car of the year in Europe has been organized in Izmir and Bodrum. Prominent

members of the press for automobiles have participated at the test drive where 16 red colored Fiat Panda have been used.

Face of Fiat Panda: The actress Tuba Ünsal assisting the car of the year, Fiat Panda in its promotion video clip received its Fiat Panda from Nezih Olcay, the Tofaş External Relations Coordinator. Ünsal should test the car for a period of one year. She stated that she and Fiat Panda would make a good couple and that they are on their way to become steady.

We are The Champion: At the World Rally Championship which awards the highest points for the Turkey Rally Championship with a coefficient of 1.5, Fiat Abarth Motor Sports team has won the championship in the Super 1600 category.

Sponsorship Activities in Summer: The Alaçatı Seaside Beach Club of Çeşme, Izmir, a very famous beach club, has been very busy thanks to the activities organized by Fiat. The Çeşme Seaside Beach Club starting to operate under the sponsorship of Fiat has managed to become the place for the Aegean population.

Fiat Strada: The Fiat Strada, impatiently awaited pick up model of Fiat, has been introduced to the press at a meeting at Maslak Parkorman on September 15.

4. Tofaşball Basketball Festival: The “4. Tofaşball Basketball Festival” developed under the social responsibility project of Tofaş has been organized during July 3- July 8 at the small town of Gemlik, Bursa. The agreement reached between the two giant establishments, Fiat and Microsoft, to introduce communication systems without cables in the cars, have caused a revolution in the sector.

A little break when you get tired may save lives: Fiat has provided its support for the campaigns under the activities for the Year of Traffic with its communication campaign titled “a little break when you get tired may save lives”. At the press conference for the promotion of the campaign held on July 15 attention is drawn to the fact that many people have losing their lives at traffic accidents caused by lack of sleep of drivers.

Autoshow 2004: Auto Show 2004 impatiently waited by the fans of cars and the automotive sector has taken start on November 19. Fiat and Alfa Romeo models have put their stamps to the fair where the latest models and different designs of cars have been introduced to the visitors.

Ozan Güven as the Face of Fiat: The character personified by Ozan Güven who has won the admiration and love of all with its performance in the TV series “a Story of Istanbul” has turned into reality. It is stated that the artist shall help motor sports to be accepted by wider public as the new face of Fiat.

4.4. Activities in 2005

New Fiat Albea Launched and 37th Anniversary of Tofaş: Fiat Albea with its renewed version is relaunched. At the same month, in February, 37th anniversary of the foundation of Tofaş has been celebrated with activities, held at Tofaş Plant in Bursa.

Minicargo Project: In response to anticipated changes in the entry-level segment of the European light commercial vehicle market, PSA Peugeot Citroën, Fiat and Tofaş has been introduced an innovative small vehicle concept to extend their current commercial vehicle lineups. The three partners' objective was to design a compact, economical, multi-purpose commercial vehicle that would be modern, sturdy and attractive. It was announced that with the active support of PSA Peugeot Citroën and Fiat, Tofaş would be in charge of coordinating the development and production of the future models based on a new platform. The vehicles would be produced at Tofaş' plant in Bursa, Turkey. The annual production capacity for these vehicles would be of 135,000 units, of which two-thirds for PSA Peugeot Citroën and one-third for Fiat, including Tofaş.

Opet Guarantee for Tofaş: With the agreement made between two giants, Tofaş and Opet, it was announced that Fiat and Alfa Romeo automobiles would be converted by Opet fuel guarantee.

New Fiat Palio, Fiat Punto Shine and Fiat Panda 4X4 in Turkey:

Renewed and more dynamic Fiat Palio has been offered for sale. In addition to new models range at the same time, 4X4 version of Fiat Panda, constituting one of the innovative faces of the Fiat brand has been launched for the appreciation of the consumers in April. On the other, the new version of Punto which called as Fiat Punto Shine hit the roads in June.

Ferrari and Maserati in Turkey: Fer Mas Oto Ticaret A.Ş. has initiated

the sale of Ferrari and Maserati, among the most prestigious brands in Turkey. Distrubutor of Ferrari and Maserati would be under the umbrella of Tofaş Family.

5th Tofaşball held: 5th Tofaşball Basketball feast, organized by Tofaş

sports club within the frame work of the social responsibility project, has been held between July 6-9.

Michael Schumacher in FerMas: FerMas Showroom has been opened

with a ceremony participated by Jean Todt, General Director of Ferrari, and Formula 1 Team Captain and the legendery pilot Michael Schumacher in August.

F1 Enthusiasm in İstanbul: Formula 1 İstanbul Grand Prix, one of the

greatest sporting events in the world, has been hosted in İstanbul Park between August 19-21.

Successful employees in Italy: Employers of the dealers, provided the highest level of the customer satisfaction, have been awarded with a tour of Italy.

Fiat Rally has been held in İzmir: Fiat Rally ,the 7th. leg of European Rally Championship and the 5th. leg of Turkish Rally Championship, has been held in İzmir.

'Van of the Year' New Fiat Doblo: Renewed with an investment of 120 million USD, New Fiat Doblo was elected as 'Van of the year 2006 Prize at Commercial Vehicles Exhibition in Amsterdam. Fiat Dealer Meeting, which New Fiat Doblo was introduced, has been held in İstanbul. Besides Fiat Dealer meeting, which New Fiat Doblo was introduced, held in İstanbul on October.

We had an important guests: The President of Fiat Spa Luca Cordeò di Montezemolo, CEO of Fiat Sergio Marchionne and Vice President of Fiat John Elkann visited FerMas Showroom.

Fiat was the star of the Commercial Vehicles Exhibition: Rich commercial vehicles product range of Fiat has been exhibited in Commercial Vehicles Exhibition in İstanbul.

FIRE engine in Fiat Albea and Fiat Palio: 1.4 FIRE engine, launched with New Fiat Doblo for the first time and offering the best fuel consumption

value of it's class, has been started to be used also for Fiat Albea and Fiat Palio.

Feast in Fiat Dealers: 'My Favorite Fiat Days', traditionally organized by Fiat twice in a year, held between December 3-31 with an environment of a feast in Fiat dealers.

Double Pride in Bursa: New Fiat Doblo, elected as 'Van of the year 2006", has marked a milestone. Tofaş employees, receiving the prize from the hands of the Chairman of the Jury Peter Wieman, celebrated both this prize and the production of the 500.000th Fiat Doblo.

4.5. Results of the Campaign

The aim of the "Brand Turnaround" project is to blank the Tofaş' s old, bird series and taxi reminding negative image, to emphasise Fiat as a brand and Tofaş as a corporation. Besides, to strengthen the image by indicating that the Fiat's new face models are produced under the security of Tofaş. After the Customs Association Contract, in a competitive environment, Tofaş brand has been understood that they produce bird series models like Doğan, Şahin and Kartal for many years which offers suitable price rates for the public, but low quality cars.

Due to this reason, in 2002 "Brand Turnaround" project has been started. Under this project, different new models were imported and these new

models were launched and introduced with many events to the press and internal staff.

According to the market research and brand value evaluations done in 2004, the brand image of FIAT was lower than it's competitors (See Table 4.1.) While the components of the brand image terms such as price, safety and dealer network almost match up with it's competitors; the quality, safety, comfort, styling, performance and technology dimensions are still below the mentioned competitors. (See Table 4.2.)

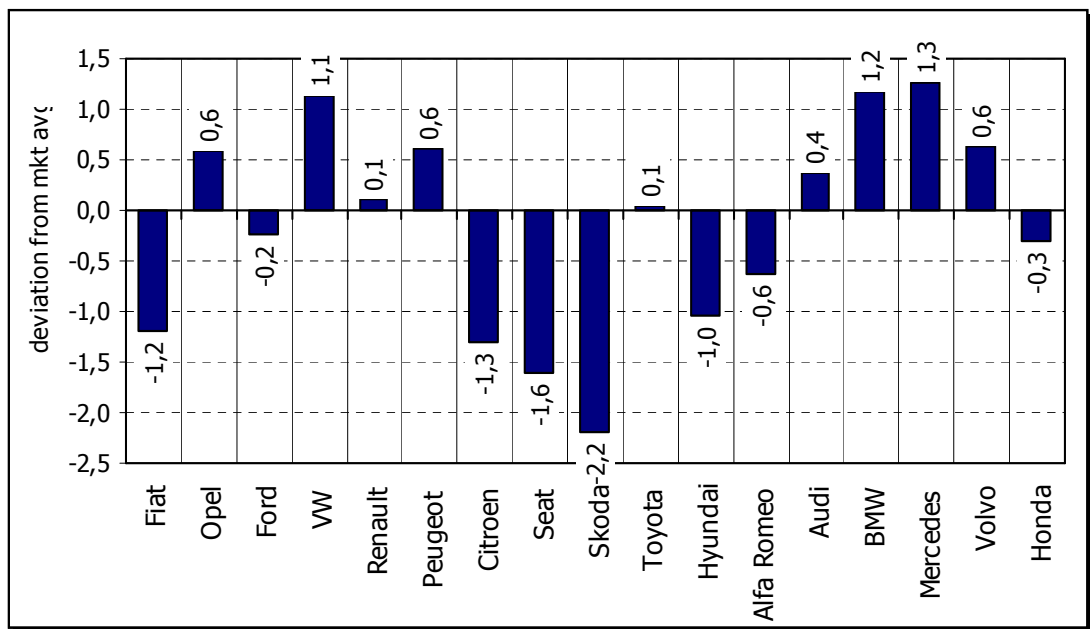


Table 4.1. Overall Image 2004 – Competitive Set¹¹⁶

Although Fiat brand image and purchase intention both have increased for the last two years, they are still below the market average. The main items perceived poorly by the customer are safety, quality, performance,

¹¹⁶ Car Park Survey, 2004

comfort, personality, styling, prestige and technology. As for Fiat models, their image levels are also below the segment averages.

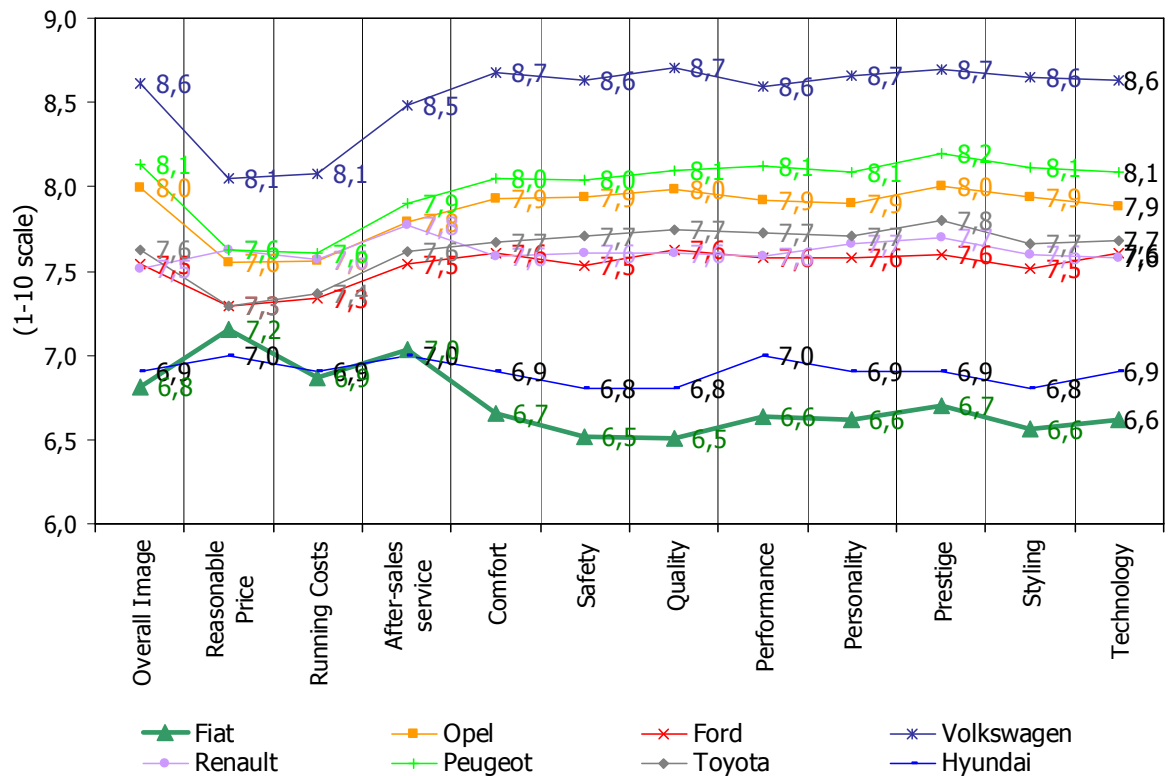


Table 4.2. Current Perception in the year of 2005¹¹⁷

The ongoing work in order to emphasize Fiat' s new face, Grande Punto has joined to product line. In order to break the existing prejudices of the consumers vis a vis Fiat brand, "Open the Path to Freedom" and "Begin Breaking Prejudices" slogans have been used.

Within the year 2007, Fiat will continue to implement new strategies regarding brand image and it will also develop different communication strategies to position the brand in consumers mind.

¹¹⁷ Car Park Survey, 2005

APPENDIX -1

Araba sevdası

Genç bir çift. Okul çağında bir yavruları var.
Ve bir de ortak sevdaları: Murat 124.

Biliyorlar. Murat'la daha hesaplı, daha mülü
yepyeni bir hayata başlayabilecekler.

Şehir dışında daha konforlu bir eve taşınıp,
daha ucuz oturabilecekler.

Sabahları yavrularını okula elleriyle bırakıp
işe yürük rahatlığıyla gidecekler.

Akşamları dölmüş, otobüs peşinde koşmadan
evlerine mutlulukla dönecekler.

Geceleri masrafsız gezmelere,
mehtap safalarına çıkacaklar.

Hafta sonları şehirden kaçacaklar. Kirlere,
yakın köylere gidecekler. Dinlenip eğlenecekler.

Yıllık tatilde kızgın kumsallara uzanacaklar.
Hayatın tadını Murat'la çıkaracaklar.

Biliyorlar.
Murat'la yılda 15.000 kilometre yaparlarsa
bu 15.000 kilometre mutluluk, bütün masraflar dahil,
günde ortalama 11 liraya gelir kendilerine.

Uğruyorlar sık sık Tofaş bayisine. Bilgi alıyorlar.
Taksit kolaylıklarını öğreniyorlar.

Tasarımlarını
Murat 124'e yatırmaya
hazırlanıyorlar.



Türkiye
Genel Distribütörü

TOFAŞ Oto Ticaret A.Ş.

Gayrettepe - İstanbul

Murat 124'ün teknik özellikleri

Tüm çelik monokok gövde

65 Beygirlik, kartka bir motor

Çift bogazat karbüratör

Saatte 140 km. den fazla sürat

4 tekerlekte disk fren

Arka tekerlekler için özel fren regülasyonu

Serofren tertibatı

Her tekerlekte bağımsız adaptasyon

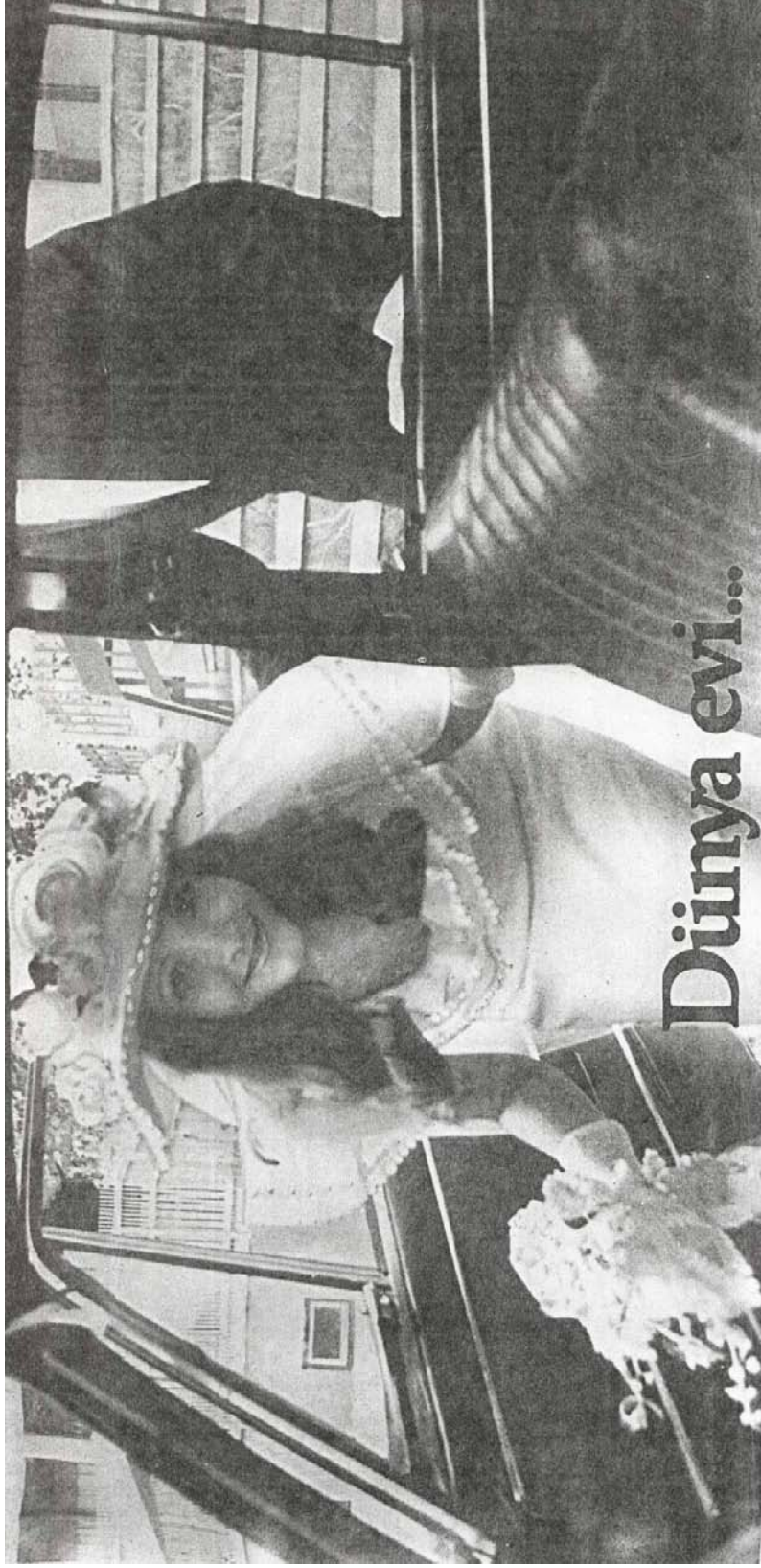
Lüks döşemeli, 3 büyük kilitli yer

Her gövde kesiminde gövde alanı

Özel tertibatlı cam silcekleri

Kalorifer ve... Güçlü geri fren

MURAT
124 Hesaplı otomobil



Dünya evi...

Damat iktisatçı.
Uzun vadeli tutmuş planlarımı.
Bir yuva kurmayı,
yuvasını
sağlam temeller üstüne oturtmayı
tasarlamış,
inceden inceye hesaplamış...
Seçmeyi biliyor...
Mutluluğu nerede arayacağımı,
nerede güvenlik bulacağımı biliyor...

Biliyor yeni evlerinin
tasarruf yapması gerektiğini.
Örneğin, daha balaırında
yolculuk malı bir yük
olmasını istemiş.
İstemiş ki, sıfır kilometrede
bir Murat'la çıkınsınlar yola.
Dilediklerini yerde
dilediklerini kadar kalsınlar.
Özgür olsunlar.

Şimdi dünya evinin
mutluluğuna eriştiler.
Bir adım attılar güvenliğe,
tasarrufa doğru.
Murat'ın dünyasına giriyorlar.

TOFAS Oto Ticaret A.Ş.

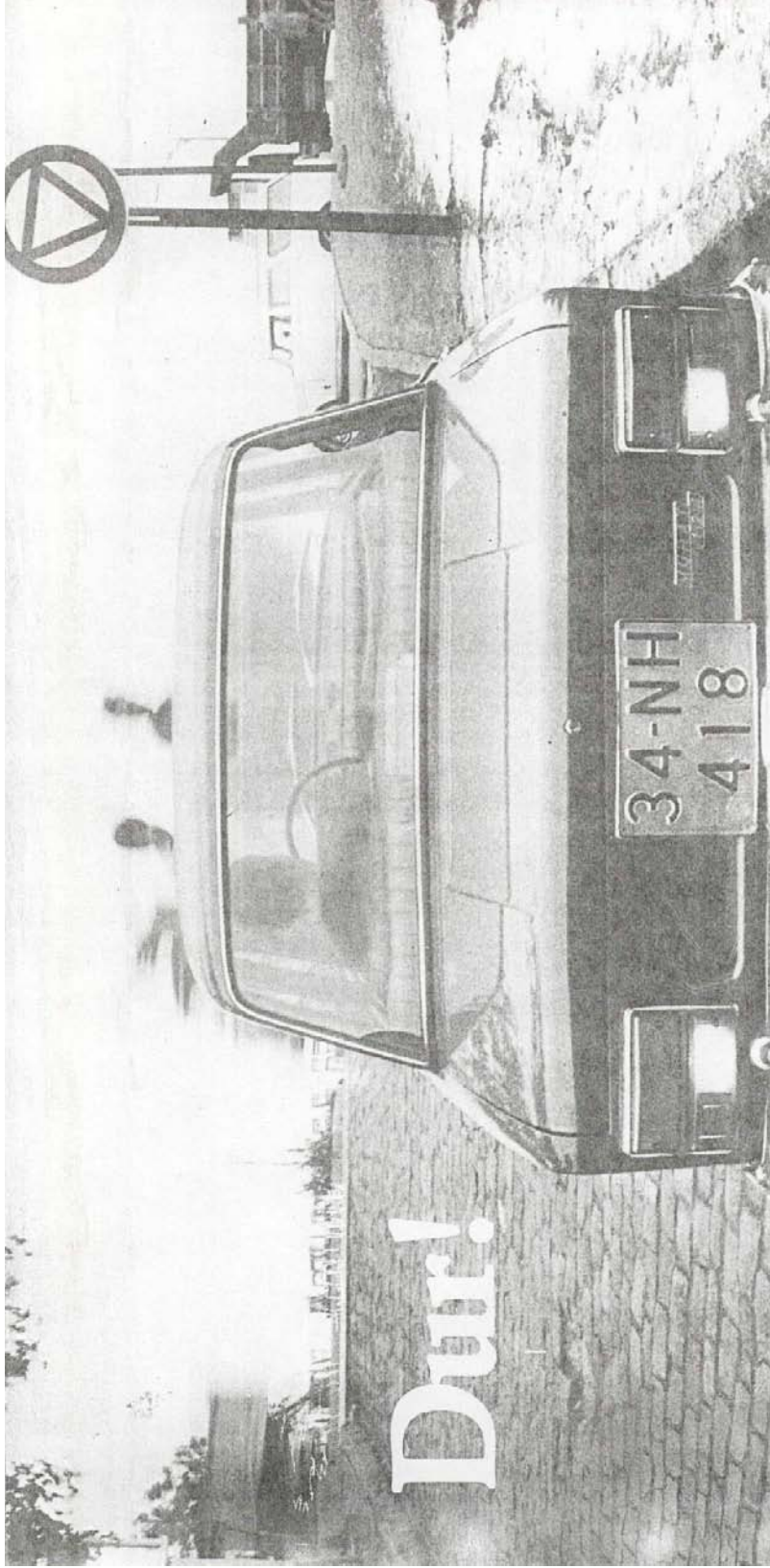
Murat 124'ün Türkiye Genel Distribütörü
Korunmuş bir sunumda TOFAS Başlırlı.
İster Murat'ı bulsun buralarda ise istemeyin.
ayrılmama üzere konseptleri buldunda
ayrılmama bulgı vermektedir memnuniyetle duyurulur.

MURAT 124'ün Teknik Özellikleri

- Tam evlik manevralık gövde
- 65 beygirlik başka bir motor
- Çift bogazi karbüratör
- Saatte 140 km. den fazla hız
- Servofren servobut
- Arka tekerlekler için özel fren regülasyonu
- 2 devreli hidrolik dağıtım sistemi
- 4 tekerlekler disk fren
- Her tekerlekte bagimsiz süspansiyon
- Lüks döşeme, 5 büyük kişilik yer
- Her yönde kesintisiz görüş alanı
- 2 devreli cam silcekleri
- Kaliteli v...
- Güçlü geri far.

MURAT
124

Herşeyi otormobil



Trafik işaretlerini ezbere bilir Murat. Örneğin, şu yukarıdaki "dur" işaretini alalım.

Ayağınızı fren pedalına bastığımızda yerine göre tatl, yerine göre anı bir duruş sağlamak için dört tekerleği de disk frenle donatılmıştır Murat'ın.

En güvenilir fren sistemidir disk fren. Çok az aşırır. Sık sık ayar gerektirmez.

Murat'ta "servofren" tertibatı vardır. Servofren, pedala uygulanan basıncı tekerleklerle çoğaltarak ileten, fren kolaylığı sağlayan bir sistemdir.

Murat'ın ayrıca özel bir "fren regülatörü" vardır:

Fren gücünü arka tekerlekler üstündeki yükü göre ayarlar; kayma, savrulma tehlikesini asgariye indirir.

Özellikle kış aylarında bir güvenlik sigortasıdır Murat. Koşurken de, dururken de...

MURAT 124'ün Teknik Özellikleri

- 1- Yan, çelik monoblok gövde
- 65 beygirlik harika bir motor
- Çift bogazlı karbüratör
- Saatte 140 km'den fazla sürat
- Servofren tertibatı
- Aksa tekerlekler için özel fren regülatörü
- 2 devreli hidrolik dağıtım sistemi.
- 4 tekerlekte disk fren
- Fren-tekerlekler bağlaması süzmeşyon
- Lüke dışı, 5 bölümlü koltuk yer
- Her yönde-kolunuzu görebili alan
- 2 devreli cam silerlekleri
- Kulaklar ve...
- Çiğni geri far.

TOFAS Oto Ticaret A.Ş.

Murat 124'ün Türkiye Genel Distribütörü

Yukarıda bir spandakı TOFAS Bayiri, size Murat'ın bütün özelliklerini anlatmam, uygulamanı adına kulaklar, lubri ve ayrıntılı bilgi vermemden maruzatık. Ayıyacak.

MURAT
124
Hesaplı otomobil

Burun meselesi

İyi şey değil burnu büyük olmak. Orneğin, bir otomobili ele alalım.

Bir otomobilin burnu büyüdükçe manevra kabiliyeti küçülür.

Kullanılcısı güçleşir.

Hele burnu büyük otomobili

park etmek gerektiğinde

uygun bir yer buluncaya kadar

tur üstüne tur atarsınız.

Murat'ın iç hacmi kendi türündeki

bütün arabalardan daha büyük,

burnu ise kendi türündeki

bütün arabalardan daha küçüktür.

FIAT uzmanları düşünmüş, tasınıp

bu modeli yaratırken genel hacmin

%80 mi size ayırmış.

geri kalan %20'ye de

dünyanın en mükemmel motorlarından birini

yerleştirmeyi başarmıştır.

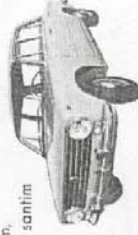
Çünkü tecrübe,

insan burununda 3-4 santim,

otomobil burununda 30-35 santim

fazlalığın nice problemler

yaratıpını ispatlamıştır.



Türkiye
Genel Distribütörü

TOFAŞ Oto Ticaret A.Ş.
Gayrettepe-İstanbul

Murat 124'ün teknik özellikleri

Tüm teknik özellikler gövde, 65 Beygirlik, harika bir motor

Çift egzoz karbüratör. Saatte 140 km. den fazla sürat

4 tekerlekte dak fren

Arka tekerlekler için özel fren regülajları

Seriyofren tertibatı

Her tekerlekte bağımsız süspansiyon

Lüks döşenmiş, 3 büyük koltuk her

Her gövde kesiminde

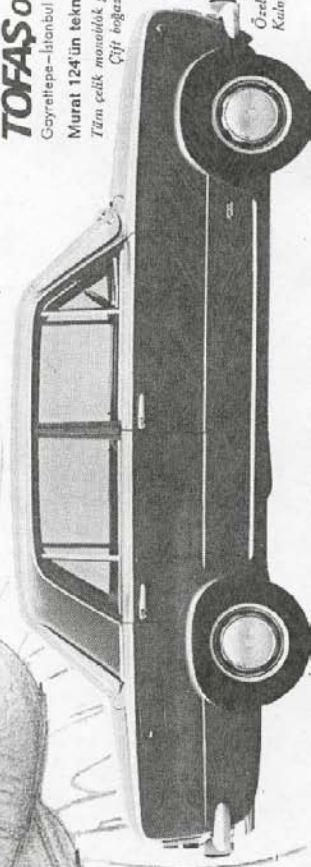
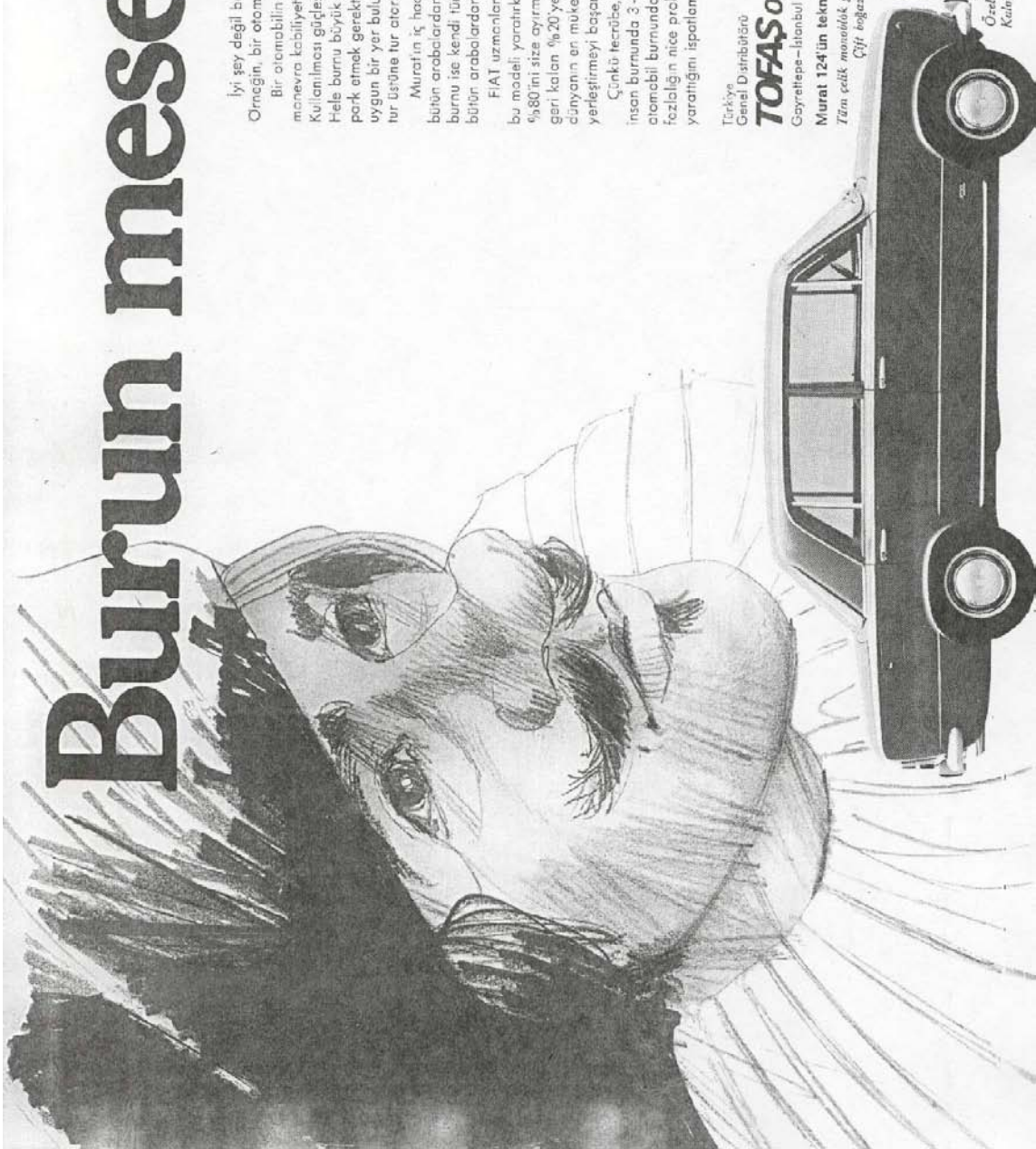
güçlü alar

Özel tertibatlı cam silcekleri

Kuliferler ve... Çukülte geri far

"Hesaplı otomobil"

MURAT
1124



Bayan Murat

Ehliyeli üç hafta önce aldı Bayan Murat.

Ama kolayca sıyrılıyor trafikte.

"Tali fren" yapmayı beceriyor.

Murat'ını dar yerlere rahatça park edip,

kolayca parktan çıkıyor.

Bayan Murat çok mu usta şoför olduğundan?

Değil.

Murat, usta bir otomobil olduğundan.

Murat'ın iç hacmi kendi türündeki bütün arabalardan daha büyüktür. Boyu ise kendi türündeki bütün arabalardan daha eğilgi. Hem tam bir konforu, ferahlığı, hem de eşsiz bir kullanışlılığı size sunmak için.

Murat günümüzün en gelişmiş fren sistemine sahiptir. Hafif bir pedal darbesiyle "tali" bir duruş yapmanız için. Kumlu veya ıslak yollarda kaymadan, savrulmadan.

Demek önce Bayan Murat'ı kutlamak gerek.

Çağa uymayı bildiği için.

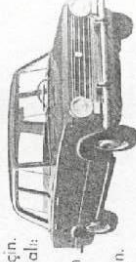
Sonra da eşini kutlamalı;

İşbir, tutumlu ve

güvenliğe önem veren

bir erkek olarak.

Murat 124'ü seçtiği için.



Türkiye
Genel Distribütörü

TOFAS Oto Ticaret A.Ş.

Gayrettepe—İstanbul

Murat 124'ün teknik özellikleri

Tüm çelik monokok gövde

65 Beygirlik, harika bir motor

Çift bağlama karbüratör

Saatte 140 km. den fazla hız

4 tekerlekte disk fren

A-ka tekerlekler için özel fren regülasyonu

Seriy fren tertibatı

Her tekerlekte bağımsuz süspansiyon

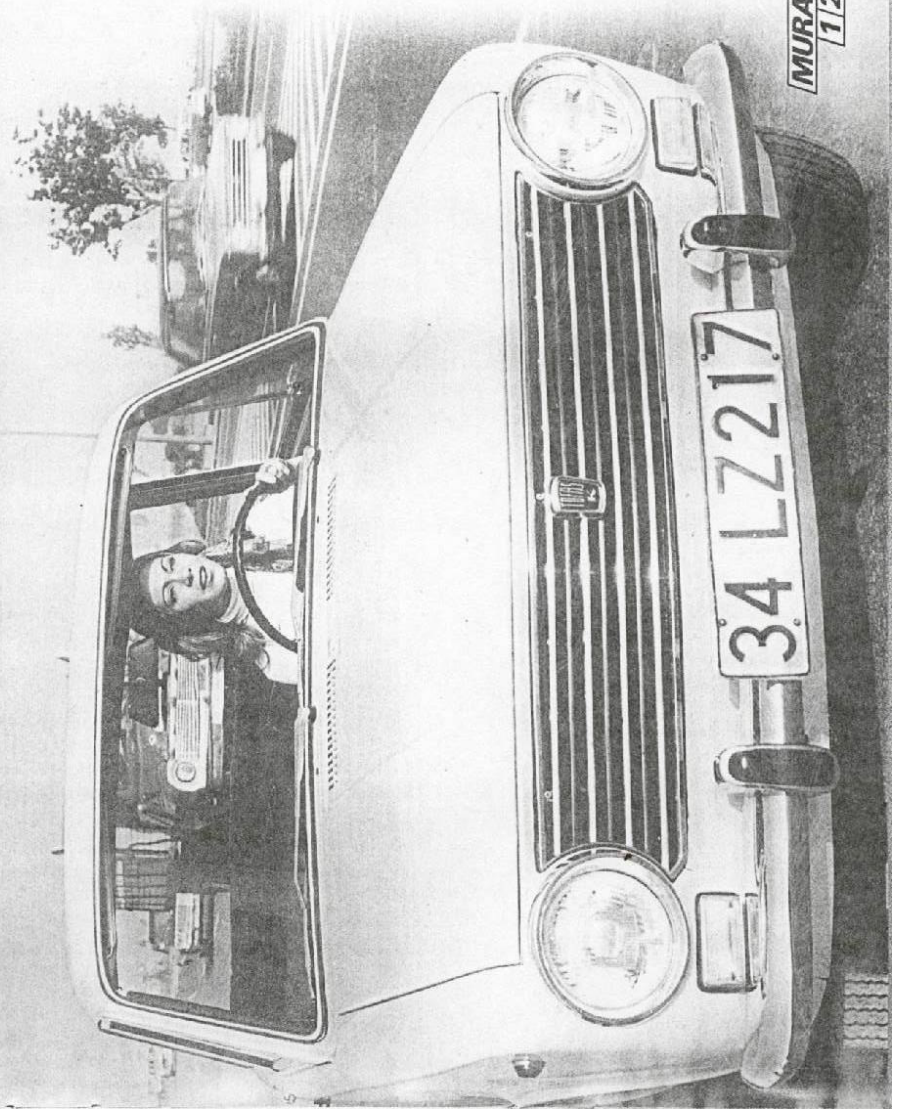
Lüks döşeme, 3 büyük kişilik yer

Her gönde kesintisiz görüş alanı

Özel tertibatlı cam sücekleri

Kalorifer ve... Güçlü geri yer

MURAT
1124 Hesaplı otomobil



Murat'ın iç dünyası

Her gün yollarımızda Murat'a rastlıyorsunuz. Sıkışık trafikte nasıl cıva gibi kayıverdiğini izliyorsunuz.

Daracak yerlere nasıl rahatça park ettiğini görüyorsunuz.

Ama Murat'ı gerçekten tanımak için onun iç dünyasıyla tanışmak, kapsım açip içine bir kurulumak gerek.

Diş ölçüleri kendi türündeki bütün arabalardan daha hesaplı olan Murat, kendi türündeki bütün arabalardan daha geniş bir iç hacme sahiptir.

Çünkü Fiat uzmanları bu model yaratırken genel hacmin %80'ini size ayırmış, geri kalan %20'ye de dünyanın en mükemmel motorlarından birini yerleştirmeyi başarmıştır.

Size, hem son derece kullanışlı, hem de o ölçüde konforlu, eşi olmayan bir otomobil sunmak için.



Türkiye
Genel Distribütörü

TOFAŞ Oto Ticaret A.Ş.

Gayretiçe - İstanbul

Murat 124'in teknik özellikleri

Tüm yelik monoblok gövde

65 Beygirlik, harika bir motor

Çift bogazlı karbüratör

Saatte 140 km.'den fazla sürat

4 tekerlikte disk fren

Arka tekerlekler için özel fren regülatörü

Sinyal fren tertibatı

Her tekerlekte bağımsız süspansiyon

Lüks döşeme, 5 bağlık kişilik yer

Özel tertibatlı cam siloveleri

Kabinler ve... Cihazları geri far

MURAT
1124

"hesaplı otomobil"

APPENDIX -2

**TOFAŞ-FIAT'TAN YENİ FORMÜL:
ŞAHİN'LER AYDA**

235

**MİLYON TL*
TAKSİTLE**



SHOWROOM'LARIMIZA BEKLİYORUZ!

TOFAŞ

TOFAŞ Kurş 715

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0 212 356 28 08

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*Şahin 1.6 i.e. için tüm vergiler dahil,
4.751 milyar TL peşinat ve 36 ay
vade için aylık ödeme tutarıdır.
Taksit tutarı, vade ve peşinata
göre değişiklik gösterebilir.

FIAT

**TOFAŞ-FIAT'TAN YENİ FORMÜL:
DOĞAN'LAR AYDA**

272

**MİLYON TL*
TAKSİTLE**



SHOWROOM'LARIMIZA BEKLİYORUZ!

TOFAŞ

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call center
0 800 211 42 42
0 212 356 28 08

www.tofas.com.tr

*Doğan 1.6 i.e. için tüm vergiler dahil,
5.780 milyar TL, peşinat ve 36 ay
vade için aylık taksit tutarındadır.
Taksit miktarı, vade ve peşinata
göre değişiklik gösterebilir.

FIAT

BAYİLERİMİZE GELİN

fırsatlardan fırsat seçin!

Şahin, Doğan ve Kartal modellerimiz çok cazip avantajlarla
Tofaş-Fiat bayilerinde sizleri bekliyor.



Kartal'a

6.729.000.000 TL'den

başlayan fiyatlarla sahip olabilirsiniz!*

AYRICA %0'DAN BAŞLAYAN FAİZLER 24 AYA VARAN VADELER



call center
0 800 211 42 42
0 212 396 28 08

*Kartal HD için tavsiye edilen kampanya dahil anahtar teslim fiyatdır. Fiyatlar modele göre değişiklik göstermektedir.

TOFAŞ

www.tofas.com.tr

FIAT

BİLECİK/PAMUKÇUOĞLU OTOMOTİV	0228 212 87 90	İSTANBUL (GAZİOSMANPAŞA) GÖKER	0212 563 45 10	İSTANBUL (MALTEPE) EVSAŞ	0216 441 93 18
BOZUYUK/BOZUYUK OTOMOTİV	0228 314 15 54	İSTANBUL (GAZİOSMANPAŞA) RUMELİ	0212 616 39 19	İSTANBUL (MALTEPE) MOPAS	0216 371 06 61
BURSA (OSMANGAZİ) HANOTO	0224 257 06 92	İSTANBUL (GÜNGÖRENI) YAĞAR	0212 637 84 65	İSTANBUL (TOKPAP) FIRAT OTO	0212 481 97 70
BURSA (İNEGÖL) BURSA OTO	0224 714 96 95	İSTANBUL (HALKALI) ANADOLU OTO	0212 696 13 00	İSTANBUL (ÜMRANİYE) OSKA	0216 365 06 65
ÇORLU/GÜRSOYLAR	0282 685 41 55	İSTANBUL (HALKALI) BÜYÜK SERVİS	0212 548 45 49	İSTANBUL (ZİNCİRLİKUYU) İSTANBUL OTO	0212 212 45 45
DÜZCE / KASAPOĞLU KOLL.ŞİT	0380 551 28 23	İSTANBUL (KADIKÖY) AÇIKGÖZ	0216 588 67 78	İSTANBUL (LEFKOŞA) LEVENT OTO	0392 225 26 66
EDİRNE (KEŞAN) ÖZAKINCI	0284 235 52 80	İSTANBUL (KADIKÖY) ERİŞKENLER	0216 467 09 25	İZMİR (KARLI) LEBELİRCAZI/GÜRSOYLAR	0288 412 25 32
EDİRNE (KEŞAN) ÖZAKINCI	0284 712 22 33	İSTANBUL (KADIKÖY) MARMARA OTO	0216 414 34 17	KOCAELİ (DERİNCE) BEYKAR	0262 223 46 48
GEBZE / GÖTAS	0262 744 76 30	İSTANBUL (KADIKÖY) ORPA	0216 356 09 91	KOCAELİ (GÖLCÜK) BEYKAR	0262 341 22 48
GERZE / GÖTAS	0262 646 01 19	İSTANBUL (KADIKÖY) ZİRVE	0216 385 64 64	KOCAELİ (SARAYBAĞCI) GÜNPAŞ	0262 349 42 80
İSTANBUL (AKSARAY) DANIŞLAR	0212 589 11 88	İSTANBUL (KAGITHANE) ÖRTAŞ	0216 410 86 17	KUTAHYA / OTTAR	0247 224 21 20
İSTANBUL (AVCILARI) ATALAYLAR	0212 591 69 41	İSTANBUL (KARTAL) BERNİCE	0212 294 52 36	SAKARYA / SAMTAŞ	0264 275 32 64
İSTANBUL (BAHCELİEVLER) ERKAY	0212 677 81 00	İSTANBUL (KARTAL) KIRMAK	0216 353 54 22	TEKİRDAĞ / ÖGE OTOMOTİV	0282 243 77 85
İSTANBUL (BAKIRKÖY) SUR OTO	0212 543 68 43	İSTANBUL (KAVAKCI) ERLER OTOMOTİV	0216 451 82 22	YALOVA / BURSA OTO	0226 814 38 10
İSTANBUL (BEYLİKDÜZÜ) SUR OTO	0212 852 07 07	İSTANBUL (KÖKMECE) SOYSEL	0216 413 76 66	ZONGULDAK (EREĞLİ) KELEŞŞAN	0372 322 65 65
İSTANBUL (ESENLER) GÜRSİN OTO	0212 611 46 44	İSTANBUL (KOŞUNLU) ORTADOĞU OTO	0212 579 08 08	ZONGULDAK / KELEŞŞAN	0372 252 00 61
İSTANBUL (FATİH) ANAMAS	0212 528 68 68	İSTANBUL (KUÇUKYALI) MARMARA OTO	0216 327 56 50		
			0216 417 01 69		

APPENDIX -3

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