Dodge Neon Essay, Research Paper

Since its introduction to the consumer market in January of 1994, more than 1.5 million Dodge Neon sub-compact cars have been sold worldwide. The Neon competes with such cars as the Chevrolet Prizm, Ford Escort, Honda Civic, Mazda Prot?g?, and Nissan Sentra for attention from a certain market segment. This segment includes customers who buy goods and services for their own use, also know as the consumer market. The Neon attracts prospective customers considering a new or different car, and perhaps current customers who already own a Dodge or neon and are thinking of buying another or switching brands. Dodge strives to satisfy positive motives for purchasing a product, which is to receive some sort of benefit or social approval.

The characteristics of this particular segment include the need for satisfaction of Maslow?s physiological, safety and social needs. The Neon does not fulfill Maslow?s need of self-actualization that luxury cars with many aesthetic and advanced features provide. However, it does satisfy a physiological need due to the fact that it is small and easy to maneuver, has good gas mileage, and very affordable compared to cars in its class. The Neon meets safety needs with its dual airbags, child safety locks, and anti-lock brake system. It also fulfills social needs due to its modern, ?cheeky style? and sporty handling. The Neon?s market uses behavior, demographic and psychographic segmentation to determine its customer market base, and works to attract younger buyers with a limited income, which will be discussed in detail within the consumer analysis section. There are no geographic or seasonal limitations to the Neon?s market due to its basic features, however sales may be lower in mountainous areas which require cars with larger engines to climb steep inclines with little difficulty. The Neon is trying to break into the performance market with its new concept Neon SRT, whose success will not be determined for a few years.

Market sales of the Neon have been decreasing since 1996, but are still one of the highest of its market class. According to Automotive News Market Data, the Dodge Neon was ranked #6 by sales in 1996 with 139,831 units, #6 in 1997 with 121,854 units, and #5 in 1998 with 117,964 units. Also in 1998, the Neon was ranked #18 in unit sales among all car brands. Despite the high sales among other small cars, the Neon?s sales percentages are decreasing. According to Christopher Cedergren in ?The Small-Car Wars Are Back,? the ?overall small car market is shrinking? due to the increased truck and sport utility vehicle demand, as well as an increase in foreign car quality. While all US small car sales have been decreasing, Japanese small car sales have been increasing since 1997, creating even more competition and danger of low market sales for the Dodge Neon.

The Neon has passed the introduction and growth stage and is now within the maturity stage, which is characteristic of market saturation, a decrease in number of customers, and a strong advertising focus on differentiation. There are many small car competitors of the Neon, and Dodge is focusing on selective demand and differentiating its product line, hence the latest motto ?Dodge Different.? They are trying to enter into early life cycle stages using Neon?s name and basic features, but with more attractive differentiation, such as more horsepower, supercharge, and racing tires. My estimate is that market growth of the Neon will continue in the maturity stage for a long time, followed by market decline. My estimate for future sales of the Neon is a percentage decrease in unit sales equal to or greater than the present decrease, due to the intense competition from other cars in its class.