

Hyundai...Luxury?

A few years ago, the words “Hyundai” and “luxury” would never have been thought of in the same sentence. However, based on their steady success over the last several years, luxury may not be such a far cry for the South Korean automaker. According to Time Magazine, “Hyundai has been the world's fastest-growing major automaker since 1999”¹ (Time Magazine, 2005). Its plethora of affordable vehicles, 10 year/100,000 mile warranty, unmistakable design, reliability, and constant product improvements have all contributed to its position as a top contender in the value brand segment.

But, being able to compete on the same level with with the likes of other value manufacturers such as Toyota, Honda, and Ford is only one aspect of Hyundai’s quest to be a global force in the automotive market, especially in America. Hyundai has recently set its sights on the luxury segment which would effectively have the company competing with coveted luxury brands such as Mercedes-Benz, Lexus, and BMW. This move is not meant to alienate Hyundai’s highly lucrative customer base, but rather should be thought of as the next progression in Hyundai’s strategy to reinvent how consumers perceive their brand.

In following this strategy, Hyundai has made certain moves reminiscent of Toyota in their development of their highly successful luxury brand, Lexus, in the early 1990s. This study

¹ Schuman, Michael. “Hyundai Revs Up”. Time Magazine. 2005. Retrieved from <http://www.time.com/time/magazine/article/0,9171,1050380-1,00.html>

seeks to compare and contrast the similarities/differences in strategy between the two competing automakers. It will analyze the success/failure potential of Hyundai's plan, as well as the resulting implications upon the automotive landscape.

Hyundai: A History of Reinvention

Hyundai has a very rich history beginning in 1967 with the “founding of the Hyundai Motor Company”² in Seoul, South Korea. Though they became a successful brand in their hometown, they always had global aspirations. Subsequently, they set their sights on the American market which would eventually become a pivotal testing ground and blueprint for success in future markets.

From 1968 to 1973 Hyundai apprenticed with the Ford Motor Company, tasked primarily with assembling vehicles; other responsibilities would later be added. Invaluable business experience in navigating the U.S. automotive market was undoubtedly gained. In 1985, Hyundai Motor America was established in Garden Grove, California³ and by 1986 Hyundai was exporting its first North American offering, “the Excel, to the U.S. market”⁴.

² Hyundai Motor Company. “History”. 2012. Retrieved from <http://worldwide.hyundai.com/WW/Corporate/Overview/History/index.html>

³ Hyundai America. “An American Success Story: U.S. History”. 2012. Retrieved from <http://hyundaiamerica.us/an-american-success-story/u-s-history/>

⁴ Hyundai America. “An American Success Story: U.S. History”. 2012. Retrieved from <http://hyundaiamerica.us/an-american-success-story/u-s-history/>



1986 Hyundai Excel⁵

The early history of the Excel is recalled in the following quote from Time Magazine:

*"When Hyundai first entered the U.S. market in 1986, its Excel sedan, an econobox with a \$4,995 price tag, was an instant hit with frugal buyers. But customers soon discovered they were getting what they paid for: Excels were prone to quality-control problems and frequently needed parts replaced. Sales tanked, and Hyundai became a laughingstock. In 1998, Late Show TV host David Letterman listed his "Top 10 Hilarious Mischief Night Pranks to Play in Space"; No. 8 read: "Paste a 'Hyundai' logo on the main control panel.""*⁶

As the quote shows, though the Excel was initially a success, its lack of quality soon made it little more than a punch line. Instead of retreating back to South Korea in shame and abandoning their U.S. plans, Hyundai instead decided to use this failure as a learning experience and the fuel with which they would stage their comeback.

⁵ Production Cars. "Hyundai Excel". 2007. Retrieved from <http://productioncars.com/gallery.php?car=1807&make=Hyundai&model=Excel>

⁶ Schuman, Michael. "Hyundai Revs Up". Time Magazine. 2005. Retrieved from <http://www.time.com/time/magazine/article/0,9171,1050380-1,00.html>

Quality became of utmost importance to the company and “like Toyota, which overcame consumer prejudice in part by inventing *kaizen*, a manufacturing process and corporate mantra translated as “continuous improvement,” Hyundai has rapidly built up regard for its products through an almost fanatical attention to Getting It Right”⁷. It should be noted that this “quality” strategy is the beginning of many Hyundai-Toyota comparisons.

As any business can attest, a strategy is nothing without a leader to implement it. For Hyundai, this leader was its chairman, Chung Mong Koo, who happens to be the son of the founder of Hyundai. Koo realized early on that quality is what Hyundai was most lacking at the time and in order to turn the business around, this aspect would need to be attacked head-on. Koo is quoted as saying “Quality is crucial to our survival. We have to get it right no matter what the cost!”⁸

Koo’s strategy may have seemed simple in theory, but the implementation of it did not go smoothly. The entire company culture would need to be changed to accommodate the new target. At that time in its operation, Hyundai’s main focus in business was “making cars quickly and cheaply”⁹; quality was not even on the radar of its employees.

⁷ Schuman, Michael. “Hyundai Revs Up”. Time Magazine. 2005. Retrieved from <http://www.time.com/time/magazine/article/0,9171,1050380-1,00.html>

⁸ Schuman, Michael. “Hyundai Revs Up”. Time Magazine. 2005. Retrieved from <http://www.time.com/time/magazine/article/0,9171,1050380-1,00.html>

⁹ Schuman, Michael. “Hyundai Revs Up”. Time Magazine. 2005. Retrieved from <http://www.time.com/time/magazine/article/0,9171,1050380-1,00.html>

"When I first came to Hyundai, I, too, didn't think quality cars were important."-Suh Byung Kee, Hyundai Quality-Improvement¹⁰

Koo had his work cut out for him, but his determination to see Hyundai succeed was a constant companion. He began by breaking down barriers between Hyundai's various departments. In doing this, he sought to create a camaraderie and strong oversight within the company that was desperately needed. He "forced designers, engineers and factory managers to work as a team by creating joint committees to examine blueprints of new models and weed out potential defects"¹¹. Koo's quality/reliability mantra was coupled with:

- 1) Increased marketing of Hyundai's products and services, such as its 10 year/100,000 mile warranty
- 2) Heavy amounts of R&D spending, to spur innovation
- 3) Investments in facilities/equipment
- 4) Taking proper care of its employees, e.g. compensation and training

Today, Hyundai is reaping the benefits of all of Koo's principles. The company has successfully changed its brand image from one of struggling, quality challenged import to one of the most well respected and awarded firms in the market today. According to Forbes,

¹⁰ Schuman, Michael. "Hyundai Revs Up". Time Magazine. 2005. Retrieved from <http://www.time.com/time/magazine/article/0,9171,1050380-1,00.html>

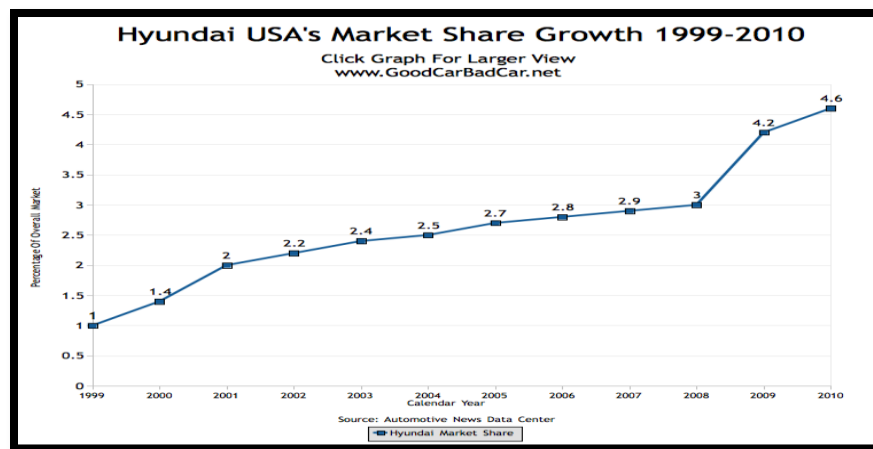
¹¹ Schuman, Michael. "Hyundai Revs Up". Time Magazine. 2005. Retrieved from <http://www.time.com/time/magazine/article/0,9171,1050380-1,00.html>

Hyundai is “the world's fifth-biggest automaker [as of] last year”¹² selling 6.6 million Hyundai and subsidiary Kia vehicles in 2011. In addition, its “U.S. market share has jumped from 3% in 2001 to [around] 10% a year ago”¹³.

Hyundai’s amazing turn-around proves that they have the proclivity to change how consumers and the general public view their company, but will they be able to duplicate this ability and apply it to the luxury market?

Hyundai: Massive Growth Potential

Hyundai’s growth rate is astounding. The following charts/graphs help to illustrate their success.

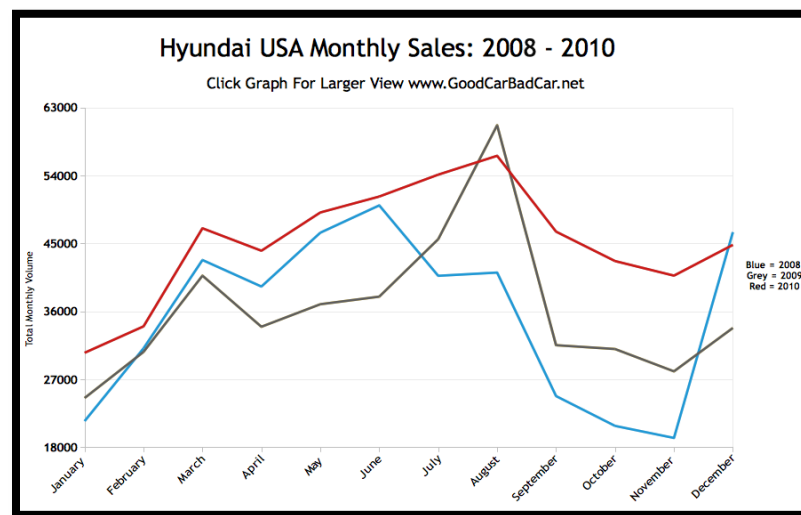


*Source: Good Car Bad Car*¹⁴

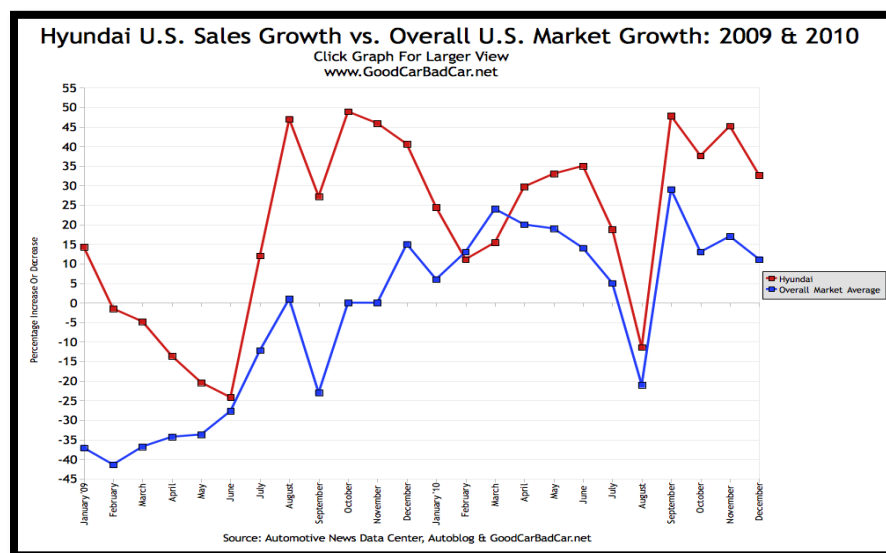
¹² Forbes. “South Korea’s 40 Richest: Chung Mong-Koo”. 2012. Retrieved from http://www.forbes.com/lists/2012/83/korea-billionaires-12_Chung-Mong-Koo_F6G1.html

¹³ Forbes. “South Korea’s 40 Richest: Chung Mong-Koo”. 2012. Retrieved from http://www.forbes.com/lists/2012/83/korea-billionaires-12_Chung-Mong-Koo_F6G1.html

As this graph shows, Hyundai gained a significant amount of market share between 1999 and 2010. It is also important to note that this gain has been incremental, showing that it is moving at a relatively steady rate.



Source: Good Car Bad Car¹⁵

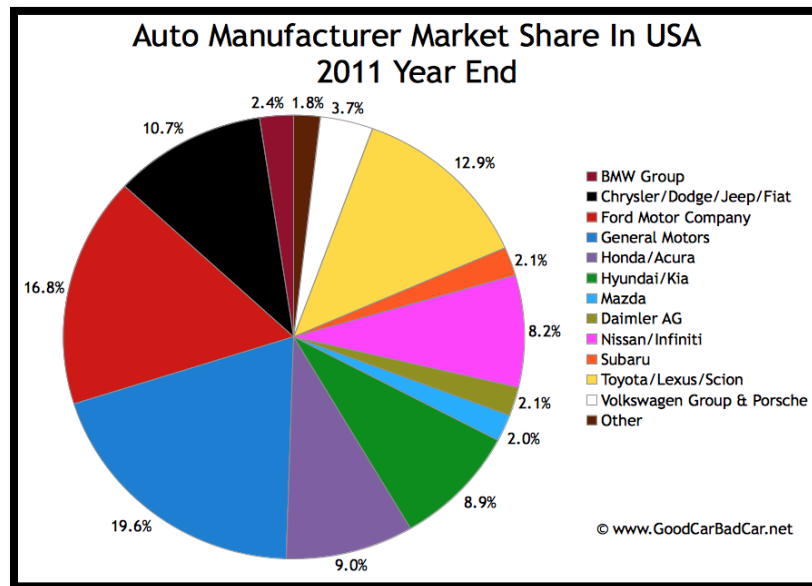


¹⁴ Good Car Bad Car. "Hyundai USA Market Share Growth 1999-2010". 2011. Retrieved from <http://www.goodcarbadcar.net/2011/01/hyundai-usa-market-share-growth-1999.html>

¹⁵ Good Car Bad Car. "Hyundai USA Sales Figures And Percentage Growth In 2010". 2011. Retrieved from <http://www.goodcarbadcar.net/2011/01/hyundai-usa-sales-figures-and.html>

Source: Good Car Bad Car¹⁶

As the two graphs above show, Hyundai is not only selling more vehicles from month to month, but their sales growth is outpacing the rest of the U.S. auto market.



Source: Good Car Bad Car¹⁷

Hyundai's steady increases in market share are showing no signs of slowing down. The 8.9% accumulation shown above is growing every day; established brands are at risk for being overtaken by Hyundai's determination to be the best they can be. Interestingly, a great deal of the companies listed above have luxury car divisions. The introduction of a luxury division of

¹⁶ Good Car Bad Car. "Hyundai USA Sales Figures And Percentage Growth In 2010". 2011. Retrieved from <http://www.goodcarbadcar.net/2011/01/hyundai-usa-sales-figures-and.html>

¹⁷ Good Car Bad Car. "U.S. Auto Brand Market Share Charts-December 2011 And 2011 Year End". 2012. Retrieved from <http://www.goodcarbadcar.net/2012/01/us-auto-brand-market-share-charts.html>

their own may be a power move for Hyundai that could pay off in additional market share. The time to strike the luxury market is now as Hyundai is on a high in the minds of consumers.

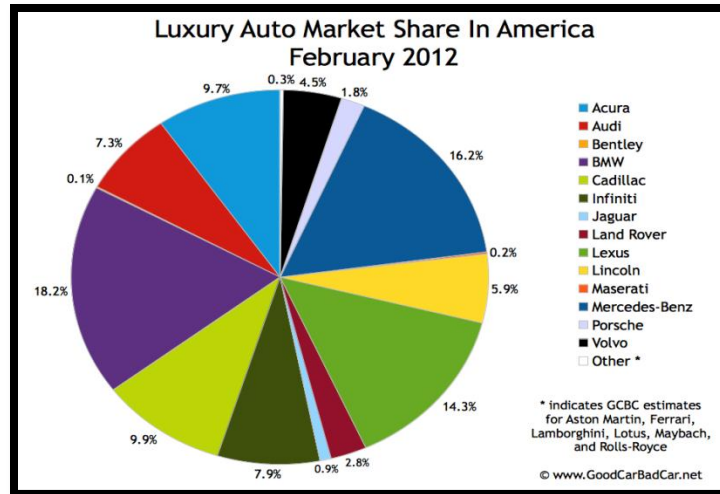
Lexus & The Luxury Car Market

The luxury car market has always been rather of a niche segment, but a profitable one nonetheless for the companies that are able to thrive in it. Whereas the success of the value segment is primarily based on volume sold, the luxury segment can afford to have lower vehicle sales as the cars are priced much higher; thus delivering higher returns.

For the past eleven years, the U.S. luxury ranks were firmly set with Lexus nabbing first place in terms of sales and quality followed by Mercedes-Benz and BMW fighting for second and third place. However, because of “the effects of last March's earthquake and tsunami in Japan”¹⁸, Toyota’s Lexus division suffered from lack of stock due to many manufacturing plants being inoperable. This resulted in a loss of sales and the ending of Lexus’ eleven year streak “as the top luxury brand in the U.S.”¹⁹

¹⁸ Woodall, B., Lewis, M. “BMW tops Mercedes for U.S. luxury car sales crown”. Reuters. 2012. Retrieved from <http://www.reuters.com/article/2012/01/05/us-bmw-mercedes-idUSTRE8041MB20120105>

¹⁹ Popely, R. “Lexus To Lose Top Spot In U.S. Luxury Car Market After 11 Years”. Reuters; Huffington Post. 2011. Retrieved from http://www.huffingtonpost.com/2011/07/09/lexus-luxury-market-car-japan_n_893839.html



Source: Good Car Bad Car²⁰

As the chart above shows, BMW has grabbed the top spot with 18.2% of the luxury car market, followed by Mercedes-Benz with 16.2%, and Lexus with 14.3%.

Though Lexus officials claim that the company will be back to its normal prominence come next year, post disaster, it has been implied by the media that the problems at Lexus run much deeper. Aaron Bragman, an industry analyst at IHS Automotive Insight “suggested that Lexus could suffer from the same stigma as did General Motors Co's Buick brand for the past several decades: old people's car”²¹.

The vehicle lineup at Lexus “is not as alluring as it once was and it relies heavily on two models, the RX 350 and ES 350 sedan, a spinoff of the Toyota Camry. The RX so far this year

²⁰ Good Car Bad Car. “Luxury Auto Brand Market Share in America-February 2012”. 2012. Retrieved from <http://www.goodcarbadcar.net/2012/03/luxury-auto-brand-market-share-in.html>

²¹ Popely, R. “Lexus To Lose Top Spot In U.S. Luxury Car Market After 11 Years”. Reuters; Huffington Post. 2011. Retrieved from http://www.huffingtonpost.com/2011/07/09/lexus-luxury-market-car-japan_n_893839.html

accounts for 45 percent of Lexus U.S. sales and the ES sedan 19 percent. The median buyer age for Lexus is in the mid-50s [and] their new products haven't resonated with younger buyers".²²

Lexus has noticed this trend and subsequently introduced models such as the "IS" and "CT" lines which have multiple sporty variants all targeted towards younger consumers. Only time will tell if Lexus will be able to change its own brand image and adapt to the changing market expectations.

Hyundai Molds the Lexus Strategy

Though the "RX" and "ES" models are Lexus' top selling offerings today, the vehicle that launched the Lexus brand was the 1991 Lexus LS. The LS is heralded as the *halo vehicle* that took the luxury car market by storm and sent the established brands running back to the drawing board to catch up. The LS was created for three main reasons:

- 1) To prove that Toyota could compete against the best companies in the luxury segment.
- 2) To increase profits limited by the "Voluntary Restraint Agreement (VRA)"²³ of 1981, which "limited Japan to selling about 1.7 million vehicles in the U.S."²⁴ per year.

²² Popely, R. "Lexus To Lose Top Spot In U.S. Luxury Car Market After 11 Years". Reuters; Huffington Post. 2011. Retrieved from http://www.huffingtonpost.com/2011/07/09/lexus-luxury-market-car-japan_n_893839.html

²³ Lieberman, J. "1991 Acura NSX and 1991 Lexus LS 400". Motor Trend. 2012. Retrieved from http://www.motortrend.com/classic/features/1112_1991_acura_nsx_and_1991_lexus_ls_400/viewall.html

- 3) To elevate the Toyota brand in the minds of consumers through the Lexus subsidiary.



1991 Lexus LS 400²⁵

Toyota invested more than one billion into the LS development and its efforts were not in vain. In an August 1989 test comparison against the biggest luxury brands in the market, “the BMW 735i, Mercedes-Benz 420SE, and Jaguar XJ6”²⁶, the Lexus was described as “better [and] breathtaking”²⁷. The 1991 Lexus LS 400 is so celebrated because it “sent shockwaves throughout the industry”²⁸; it “changed everything, not only challenging the status quo, but rewriting it”²⁹.

²⁴ Lieberman, J. “1991 Acura NSX and 1991 Lexus LS 400”. Motor Trend. 2012. Retrieved from http://www.motortrend.com/classic/features/1112_1991_acura_nsx_and_1991_lexus_ls_400/viewall.html

²⁵ Lieberman, J. “1991 Acura NSX and 1991 Lexus LS 400”. Motor Trend. 2012. Retrieved from http://www.motortrend.com/classic/features/1112_1991_acura_nsx_and_1991_lexus_ls_400/viewall.html

²⁶ Lieberman, J. “1991 Acura NSX and 1991 Lexus LS 400”. Motor Trend. 2012. Retrieved from http://www.motortrend.com/classic/features/1112_1991_acura_nsx_and_1991_lexus_ls_400/viewall.html

²⁷ Lieberman, J. “1991 Acura NSX and 1991 Lexus LS 400”. Motor Trend. 2012. Retrieved from http://www.motortrend.com/classic/features/1112_1991_acura_nsx_and_1991_lexus_ls_400/viewall.html

²⁸ Lieberman, J. “1991 Acura NSX and 1991 Lexus LS 400”. Motor Trend. 2012. Retrieved from http://www.motortrend.com/classic/features/1112_1991_acura_nsx_and_1991_lexus_ls_400/viewall.html

²⁹ Lieberman, J. “1991 Acura NSX and 1991 Lexus LS 400”. Motor Trend. 2012. Retrieved from http://www.motortrend.com/classic/features/1112_1991_acura_nsx_and_1991_lexus_ls_400/viewall.html

Hyundai's strategy is so comparable to that of Lexus because they too are trying to find their *halo vehicle*. They are also trying to elevate their company in the minds of consumers and prove that they can be a worthy opponent to the best of the luxury segment. The difference between the two strategies is that Toyota realized that the market, at the time, would not take a Toyota-branded luxury vehicle seriously and opted instead to create a separate luxury focused division: Lexus. Conversely, Hyundai has taken an alternate path and is trying to heighten their brand as a whole through their luxury offerings. Hyundai intends to create a modern premium³⁰ image for itself, in which it will "be more inclusive, rewarding people in terms of design, and more reflective of the economic climate"³¹.

*"The aim is to supply that halo to the overall brand rather than spin off a nameplate, such as Toyota's Lexus. "We want to provide more than expected values and experiences to our customers across all segments, from small cars to luxury"-Wonhong Cho, Hyundai Chief Marketing Officer"*³².

Hyundai's *modern premium* strategy was initiated with the introduction of two luxury models. The first model launched was the Genesis sedan "priced from \$34,200"³³, and later the

³⁰ Williams, S. "Hyundai—Yes, Hyundai—Aims to Be New Badge of Luxury". Advertising Age. 2012. Retrieved from <http://adage.com/article/news/hyundai-aims-badge-luxury/231967/>

³¹ Williams, S. "Hyundai—Yes, Hyundai—Aims to Be New Badge of Luxury". Advertising Age. 2012. Retrieved from <http://adage.com/article/news/hyundai-aims-badge-luxury/231967/>

³² Williams, S. "Hyundai—Yes, Hyundai—Aims to Be New Badge of Luxury". Advertising Age. 2012. Retrieved from <http://adage.com/article/news/hyundai-aims-badge-luxury/231967/>

³³ Ireson, N. "2012 Hyundai Genesis Sedan Priced From \$34,200". Motor Authority. 2011. Retrieved from http://www.motorauthority.com/news/1060566_2012-hyundai-genesis-sedan-priced-from-34200

market would receive the Equus sedan “with a starting price of \$58,750”³⁴. As can be inferred from the prices, each sedan is targeting a different segment of the luxury market. The Genesis caters to the mid-range of the luxury market competing against vehicles such as the Lexus GS, Mercedes E-Class, and BMW 5-Series. The Equus, on the other hand, competes with the upper end of the luxury market, competing against vehicles such as the BMW 7 Series, Lexus LS, and Mercedes-Benz S-Class.



Hyundai Genesis³⁵



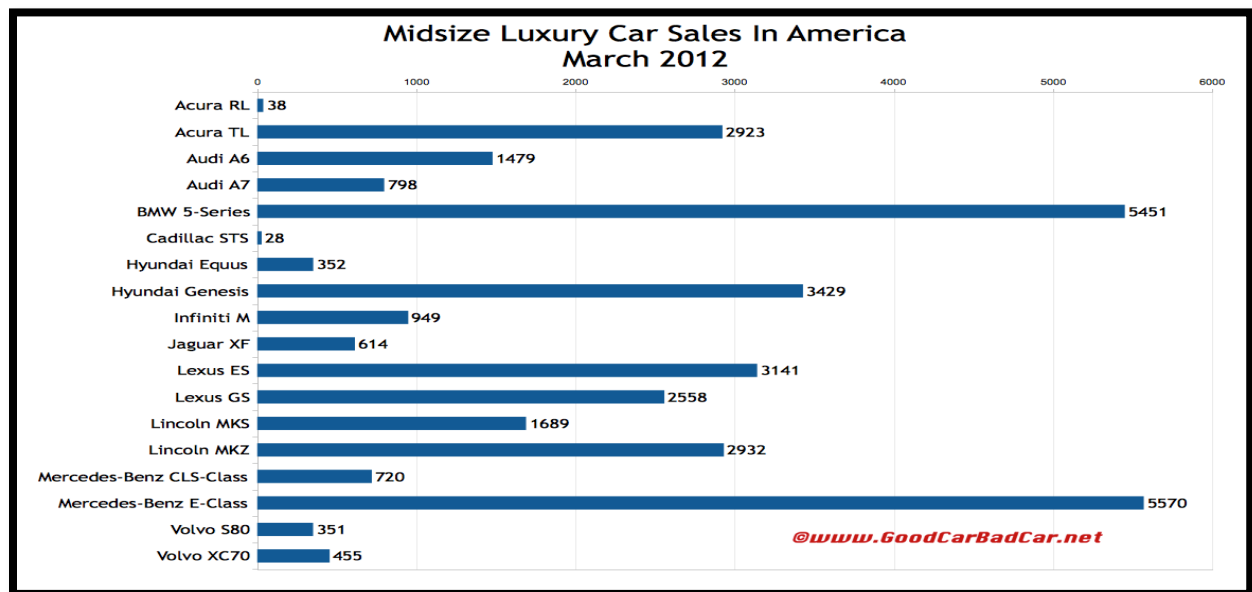
Hyundai Equus³⁶

³⁴ Vijayenthiran, V. “2012 Hyundai Equus Review”. Motor Authority. 2012. Retrieved from http://www.motorauthority.com/overview/hyundai_equus_2012

³⁵ Ireson, N. “2012 Hyundai Genesis-Review”. Motor Authority. 2011. Retrieved from http://www.motorauthority.com/overview/hyundai_genesis_2012

Both the Genesis and Equus have done well for Hyundai's first foray into the luxury market. The Equus has been called an "impressive full-size sedan with plenty of performance, features, and luxury"³⁷ coupled with a starting price that "massively undercuts the competition"³⁸. It was rated a 7/10 by Motor Authority. Conversely, the Genesis has been described as "well-executed, well-built, and well-received"³⁹. It was rated 8/10 by Motor Authority.

Though the Genesis and Equus have been given good reviews, the standout vehicle thus far has been the Genesis.



³⁶ Vijayenthiran, V. "2012 Hyundai Equus Review". Motor Authority. 2012. Retrieved from http://www.motorauthority.com/overview/hyundai_equus_2012

³⁷ Vijayenthiran, V. "2012 Hyundai Equus Review". Motor Authority. 2012. Retrieved from http://www.motorauthority.com/overview/hyundai_equus_2012

³⁸ Vijayenthiran, V. "2012 Hyundai Equus Review". Motor Authority. 2012. Retrieved from http://www.motorauthority.com/overview/hyundai_equus_2012

³⁹ Ireson, N. "2012 Hyundai Genesis-Review". Motor Authority. 2011. Retrieved from http://www.motorauthority.com/overview/hyundai_genesis_2012

Good Car Bad Car⁴⁰

As the chart shows, the Hyundai Genesis was the third highest selling midsize luxury car in March 2012, only being beaten by the Mercedes-Benz E-Class and BMW 5-Series. In contrast, the Equus was nearly the lowest selling luxury vehicle during the same period. This may be due to the fact that the Equus was just introduced last year though, perhaps over time it will enjoy the same success as the Genesis. The Genesis was also recently included in the March 2012 list of the “Top 30 Best-Selling Luxury Vehicles in America”⁴¹. The Genesis nearly broke the top ten, coming in at number eleven and placing higher than all offerings from rival Lexus except the RX SUV.

Rank	Luxury Vehicle	March 2012	% Change	Year To Date	YTD % Change
#1	BMW 3-Series	9897	+ 16.4%	24,698	+ 29.1%
#2	Lexus RX	7057	- 17.9%	17,887	- 15.0%
#3	Mercedes-Benz C-Class	6342	- 3.1%	18,107	+ 19.2%
#4	Infiniti G	5995	- 14.5%	15,316	- 9.0%
#5	Mercedes-Benz E-Class	5570	- 8.8%	13,873	- 8.0%
#6	BMW 5-Series	5451	+ 21.4%	12,709	- 2.6%
#7	Cadillac CTS	4485	+ 14.9%	12,074	- 15.6%
#8	Cadillac SRX	4143	- 1.8%	13,292	- 4.8%
#9	Mercedes-Benz M-Class	4070	+ 45.8%	11,480	+ 59.4%
#10	Acura MDX	3755	- 8.7%	10,199	- 8.0%
#11	Hyundai Genesis	3429	+ 28.7%	8232	+ 19.5%

⁴⁰ Good Car Bad Car. “Small/Entry Luxury Car Sales And Midsize Luxury Car Sales In America-March 2012”. 2012. Retrieved from <http://www.goodcarbadcar.net/search/label/Midsize%20Luxury%20Car%20Sales?max-results=5>

⁴¹ Good Car Bad Car. “Top 30 Best-Selling Luxury Vehicles In America-March 2012”. 2012. Retrieved from <http://www.goodcarbadcar.net/2012/04/us-best-selling-luxury-cars-march-2012.html>

*Good Car Bad Car*⁴²

Analytical Summary

Competitive Advantages

Hyundai has many sources of competitive advantage in the luxury market, some of which are listed below:

- ❖ Strong brand image
- ❖ Low cost specialty
- ❖ Market niche of affordable luxury
- ❖ Large R&D Budget
- ❖ Marketing/sales expertise
- ❖ Unique Designs
- ❖ Customer Service
- ❖ Skill of reinvention
- ❖ Loyal customer base
- ❖ Competitive Offerings/Pricing
- ❖ Quality/reliability

Competencies: Old & New

⁴² Good Car Bad Car. "Top 30 Best-Selling Luxury Vehicles In America-March 2012". 2012. Retrieved from <http://www.goodcarbadcar.net/2012/04/us-best-selling-luxury-cars-march-2012.html>

The great aspect of the competencies that Hyundai holds from its traditional business is that many of them are applicable to its new luxury segment. A few notable items that will fit seamlessly are its insistence on quality/reliability, competitive pricing, and customer service.

However, in order to succeed in the luxury market, Hyundai needed to build a few new competencies. First, they needed to develop a knowledge of the luxury market and its inner workings. Second, they needed to understand the mind of the luxury vehicle consumer in terms of taste, perspective, and what they ideally looked for in a car. Lastly, they needed to build demand for a Hyundai branded luxury vehicle by making sure that their first foray into the market was with a strong product.

Hyundai Luxury Cars: Benefits & Risks

The decision to manufacture luxury vehicles under the Hyundai brand name instead of creating a separate division, like Lexus, is a pivotal power move for Hyundai. The benefits and risks of this move must be weighed very carefully as success will bring prosperity, but failure may endanger the brand.

Benefits

- ❖ Building off of the strength of the established brand name
- ❖ Built in customer base
- ❖ Elevation of the brand as a whole

Risks

- ❖ Alienating existing customers with new brand focus
- ❖ Failure may reflect negatively on the whole brand
- ❖ Managing two different clientele bases that each expect different quality

Hyundai's *modern premium* brand elevation strategy is a relatively new phenomenon and because of this, the failure rate is quite high as there are no examples of success to be emulated. Most value manufacturers, in trying to move upmarket, will follow the Toyota route and simply create a luxury division such as Honda with Acura, Nissan with Infiniti, and Ford with Lincoln. The luxury division strategy has been the most effective way thus far for low cost manufacturers to venture upmarket.

Some car manufacturers have tried the brand elevation route in the past, but have famously failed as they could not be taken seriously as a luxury brand thus negating the possibility of eliciting a positive consumer demand/response. A notable example of this is Volkswagen's "Phaeton" luxury vehicle, which suffered from poor sales and a lack of a serious following as the majority of consumers were unwilling to entertain the notion of a near \$100,000 Volkswagen.

Hyundai: Stuck in the Middle?

With Hyundai's strategy, there is always the possibility of them getting "stuck in the middle" between their traditional and luxury vehicles. However, it is the opinion of this

researcher that Hyundai has structured their luxury offerings in a way that they should not be considered or viewed as separate entities of the business, but rather as complimentary additions. This idea forms the basis of Hyundai's *modern premium* movement; the luxury division is meant to enhance the brand as a whole.

Hyundai: Success/Failure Potential

If the Genesis and Equus are any indication of the future *modern premium* direction that Hyundai intends to pursue, then their future is very bright. Both vehicles have exceeded expectations, are selling rather well, and have changed American consumers' perceptions of what the Hyundai Motor Company is and can be. Though Hyundai used the Lexus LS strategy as the template for their own plan, the strategy was modified and taken in a newer direction with more possibilities. Hyundai has even overtaken the company that they used as a blueprint, Lexus, in some markets. While it is evident that Hyundai has not found their luxury *halo car* as of yet, they surely are off to a great start. A few years from now, after many product improvements, perhaps the Genesis or Equus can be to Hyundai what the LS was to Lexus.

If Hyundai can compete head to head with Lexus, the implications upon the automotive landscape are limitless. Other established brands should be worried if they are not already. Apparently, when it comes to Hyundai and reinvention, lightning does strike twice.