

Feature

PROMINENCE BY LEGACY

Leveraging Safety to Stand Out in the World



Introduction

Subaru pushes the evolution of its safety performance from all directions and continues to devote effort to reliable automobile manufacturing that delivers enjoyment and peace of mind to our customers.



The new Legacy/Outback models garnered the highest performance ratings in Japanese, U.S., and European safety tests

Under its brand statement of “Confidence in Motion,” FHI is committed to reliable automobile manufacturing that delivers enjoyment and peace of mind to our customers. In order to spur the evolution of the vehicle safety features that support this “enjoyment and peace of mind,” we follow a philosophy of “All-Around Safety” and strive for revolutionary safety technology from all fronts: active safety, passive safety, and pre-crash safety.

Amongst these technologies, the state-of-the-art EyeSight on board new Legacy/Outback earned full marks in preventative safety performance assessments conducted by NASVA*¹ and the Ministry of Land, Infrastructure, Transport and Tourism. Like Levorg, Forester, and Subaru XV Hybrid, these new models were selected to receive the top JNCAP ASV+ rating. In addition, new Outback outfitted with EyeSight earned the highest marks in the 2014 European New Car Assessment Program. Furthermore, all five models with EyeSight on board sold in the U.S. market received 2015 Top Safety Pick+ awards, the highest evaluation possible by the IIHS.*² These industry-leading safety features recognized and awarded by ratings agencies throughout the world are what bring the Subaru brand the trust and support of its customers.

*¹ NASVA = National Agency for Automobile Safety and Victims' Aid

*² IIHS = Insurance Institute for Highway Safety





Project General Manager (PGM) Interview

Development of the new Legacy/Outback started with careful consideration of what kind of vehicle will bring more fulfillment to our customers' lifestyles.

Masayuki Uchida

Corporate Vice President, Senior General Manager of the Subaru Engineering Division
(Previously Senior Project General Manager of the Subaru Product & Portfolio Planning Division)

Professional Background

April 1981:	Joined Fuji Heavy Industries Ltd.
November 2003:	General Manager, Body Design Department, Subaru Engineering Division
April 2005:	General Manager, Exterior Design Department, Subaru Engineering Division
March 2008:	General Manager, Subaru Engineering Division
April 2010:	PGM, Subaru Product & Portfolio Planning Division
April 2011:	Senior PGM, Subaru Product & Portfolio Planning Division
April 2015:	Corporate Vice President, Senior General Manager, Subaru Engineering Division

We have thoroughly pursued safety performance more than anything else in order to support fulfilling lifestyles for our customers

After taking charge of development for the new Legacy/Outback, I first dedicated effort to incorporating customer feedback as completely as possible. Part of that process was visiting the homes of owners, mainly in the U.S. market, which has shown the strongest demand for these models. I also considered how to gain further support for Legacy/Outback and how to provide a reliable vehicle of course for the U.S. market, but also globally. While lending an ear to a variety of opinions and requests, we thoroughly researched, and implemented the results, regarding what kind of vehicle would bring the most enjoyment and fulfillment to our customers' lifestyles.

Of the stories that I learned from customers, I was particularly impressed by those regarding safety, including comments like, "Although the car was badly damaged in an accident, I avoided serious harm thanks to the reliable collision safety performance." Every time that I came in contact with these examples of customer gratitude and appreciation, it reaffirmed my awareness of the importance of safety performance and of our great social responsibility as an automaker.

There are two pillars to Subaru's safety performance initiatives. The first is our policy for "achieving a high level of safety performance for all vehicle models." In actual practice, the driving force behind our growth has been trust in our brand, such that "Subaru = a vehicle with outstanding safety performance," which comes from Subaru safety features being highly rated in safety assessments in countries throughout the world. The second pillar is our pursuit of advanced safety technologies, as exemplified by EyeSight. At present, automakers have brought vehicles to market with various kinds of driver support technologies, such as brake assist. Despite the crowded field, EyeSight has garnered the highest level of assessments in various safety tests.

Needless to say, we continued our pursuit of safety performance from every angle in the development of the new Legacy/Outback, including the adoption of the most up to date EyeSight ver. 3. If our cars are not reassuring enough so that anyone can ride in them with peace of mind, they will not be able to act as a partner for supporting enjoyable and fulfilling lives for our customers.

Our development staff, to the person, have endeavored to improve and refine designs and the quality of drivability from our customers' point of view

Development of the new Legacy/Outback strove for “emotional value” in the new design and driving experience, in addition to Subaru's already established competence in functional value from safety performance, drivability, and user friendliness. The concept of “emphasizing function and performance for a real-world tool, with the design representing the results of that emphasis” was dominant in the minds of our development team. Our recent approach has gone one step further by envisioning a design that positively presents the vehicle's achievement of high functionality and performance while keeping the importance of emphasizing functional aesthetics. As our flagship models, the new Legacy/Outback feature superior drivability, safety, and reliability expressed in the dynamic and powerful body, and emphasize quality that appeals to all five senses. We have thoroughly polished every small detail, from the feel of the interior and other tactile surfaces, to the sounds of the engine and the various moving parts.

In terms of the driving experience, our work did not stop at physical driving performance, but extended to “dynamic feel” that would stimulate drivers to notice the comfort and smoothness of the ride, hopefully reacting with the sentiment, “I would like to keep driving this forever.” Hence, our work on both the design and the driving experience pursued a high level of quality venturing into the domain of human sensibilities, or “emotional value” in other words. We strove for a vehicle that would heighten satisfaction for drivers and act as a partner for supporting their fulfilling lifestyle.

Of course, aspects such as dynamic feel and inspirational value differ from a vehicle's physical performance and cannot be captured in numbers or figures. Our development process had to use repeated road tests with prototypes to verify the finer points of the driving feel, including steering and braking response, as well as running noise and vibration, etc. There were moments in the process when we were stuck and unable to attain our target results, but never once did members of the development team argue that “we can settle for this level.” The entire team was committed to thoroughly pursuing the performance customers demand, which is the Subaru way that development is done.



We strove toward the dual goals of environmental performance and a comfortable driving experience, and were able to achieve high fuel efficiency in an AWD vehicle

Subaru's commitment to automobile manufacturing from the customer's perspective is also present in our approach to fuel efficiency. To be sure, it is important to improve the advertised catalog value for fuel efficiency, but we also emphasize the actual mileage that customers will attain in normal driving circumstances.



Our way of thinking with regard to an environmentally conscious driving experience is not to impose restrictions on the driver, but rather to achieve both efficiency and comfortable drivability. Therefore, we have adopted an AWD system in order to deliver safety and comfort under a wide variety of road surfaces, even though it is disadvantageous for fuel efficiency due to increased weight and mechanical loss compared with FWD vehicles. To compensate, we improved engine and transmission efficiency, boosted aerodynamic performance, and introduced "idling stop" features to achieve best-in-class results for actual fuel efficiency even compared to FWD vehicles. Indeed, customers of the new Legacy/Outback have approved by remarking, "The fuel efficiency is so good in actual use that it's hard to believe it's AWD."



We will continue to work as a team with our subsidiaries, affiliated companies, and local partners to deliver vehicles that exceed the expectations of customers



When building our production facilities in the U.S., we dispatched a large number of engineers to our local production subsidiary, Subaru of Indiana Automotive, Inc. (SIA), and cooperated across divisions, from development, to production and quality control, in our efforts preparing for mass production. Local employees were also proactive in providing ideas, which helped everyone work as a team to achieve high quality and high value for our users. In addition, expectations were very high from Subaru of America Inc. (SOA), our U.S. sales subsidiary, and from local dealers. During development,

key persons from SOA and local dealers reviewed the design, were actively involved in test drives, and helped us toward the final product with their candid input.

This demonstrates the comprehensive and collective effort that went into developing the new Legacy/Outback, which have garnered very high praise for their safety and driving performance, as well as their design and overall feel. Consequently, since the models debuted, strong sales numbers have outstripped our expectations not only in the U.S. and Japan, but in other parts of the world as well. To our delight, a considerable number of buyers have chosen the new Legacy/Outback over premium European brands.

In response to this trust, and in order to further solidify Subaru's brand strength in the global car market, we will continue our quest to develop high quality vehicles that exceed customers' expectations.



Imperatives to consider during design and development

- Following the quality management cycle
- Handling recalls
- Pursuing safety features with our concept of "ALL-AROUND SAFETY"
- Addressing fuel efficiency standards
- Improving and proliferating certified low-emission vehicles
- Recycling vehicles

Leveraging Production to Stand Above the Crowd

Dedicating effort toward expanding capacity and ensuring efficient operations to meet continually growing North American demand.

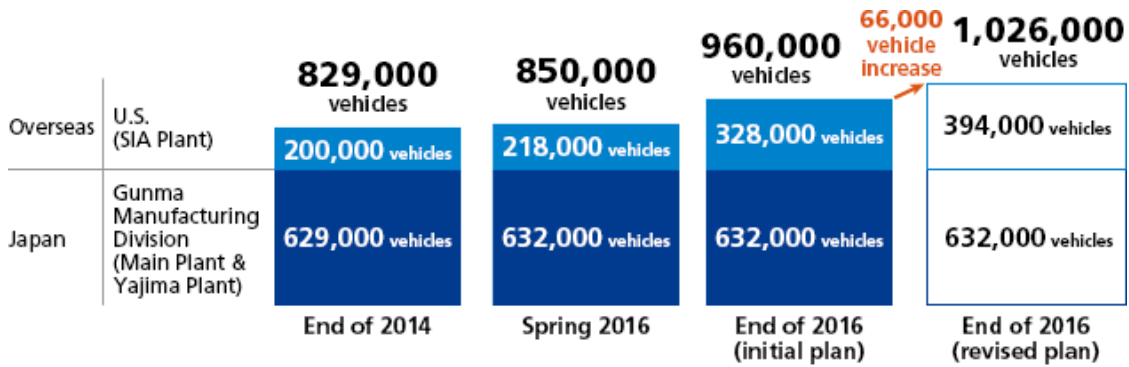
Gunma Manufacturing Division
(Main Plant & Yajima Plant)



U.S. (SIA Plant)



After the launch of new Legacy/Outback in 2014, sales of Subaru vehicles in the North American market jumped to a new level. In order to meet this increased demand in North America, we decided to move forward plans for expanding capacity at our local production subsidiary Subaru of Indiana Automotive, Inc. (SIA), whose facilities will be built out to handle some 390,000 vehicles annually by the end of 2016. Moving into the future, we will also efficiently run our production lines, a total of five in the U.S. and Japan, to meet demand in the global marketplace.



In addition to popular new models, strong sales continue for existing models

Subaru sales in the U.S. in 2014 posted a year-on-year gain of 21.0%, reaching approximately 510,000 vehicles. In addition to seeing record high unit sales for six years running, Subaru is the only automaker to beat previous-year U.S. results for seven years in a row. On top of this, sales in Canada, with approximately 42,000 vehicles (up 14.3% year on year), have seen record highs for three years in a row. Proof that the Subaru brand is maintaining high approval in the North American market lies not only in the strong sales growth for Legacy/Outback—last year's recipients of a full model change—but also in the steady sales of Impreza and Forester, which have not been revamped as recently.



Bringing SIA expansion plans ahead by four years and building capacity for some 390,000 vehicles by the end of 2016

In FHI's mid-term management vision, announced in May 2014, we explained plans to expand capacity at our U.S. production subsidiary Subaru of Indiana Automotive, Inc. (SIA), in order to meet growing demand in North America. Originally, we had targeted staggered increases, starting from approximately 170,000 units initially and moving toward 310,000 in FY2017, then 400,000 in FY2021. Increasingly robust North American sales buoyed by the subsequent launch of new models, however, led us to greatly expedite plans and announce a target of 394,000 units by the end of 2016. Simultaneous with this capacity expansion will be the shift of production of Impreza vehicles for North America from Japan-based production to production on a newly built line at SIA.

Our plans for boosting production will give us, by the end of 2016, a total of five production lines: three in Japan and two at SIA. Going forward, we will continue to dedicate effort to flexible operations so that each plant will be able to promptly handle increased sales of any of our models, and so that we can efficiently run these five production lines at their maximum capacity.



Imperatives to consider during production

- Following the quality management cycle
- Aiming for zero disasters and accidents (holding a Health and Safety Kickoff Meeting at each business site at the beginning of each fiscal year)
- Risk assessment activities
- 5th Voluntary Plan for the Environment (FY2012-16)
- Primary environmental performance (amounts of CO₂ emission, waste generation (including scrap metal sold for profit) and PRTR materials)
- Communication with business partners (holding Purchasing Policy Briefings every spring; collaborating with Cooperation Meetings composed of our business partners)

Leveraging Marketing to Stand Above the Crowd
Following a marketing strategy localized for Subaru of America, and communicating the appeal of the Subaru brand from a thoroughly customer-centric standpoint



Sales of Subaru vehicles in the U.S. market have continued to grow well above the demand for new vehicles and Subaru has continued to increase its brand presence since 2008. One of the approaches that played a key role in enabling this rapid progress in the U.S. was the LOVE Campaign, a marketing strategy started in 2007 by local subsidiary Subaru of America, Inc. (SOA).

Focusing on the inspirational and emotional value of cars supported by exceptional utility and safety

Subaru is esteemed in the global automobile market as a company with distinct individuality. Part of that is our use of proprietary technologies such as the horizontally-opposed engine and Symmetrical All-Wheel Drive, which stem from our pursuit of stability and control under a variety of road conditions. Additionally, a significant Subaru characteristic is our thorough effort to build cars that prioritize safety from every angle, from primary safety (such as visibility) to collision safety. This reliability with regard to safety and basic driving performance had previously won Subaru acclaim from U.S. customers who value cars as practical driving machines.

Furthermore, results of SOA's surveys of owner awareness and behavior have shown strong trust and affection from many owners toward the Subaru brand and cars. Survey results indicated that Subaru vehicles are actively utilized not only in daily life, but also as part of owners' lifestyles, be it through hobbies, sports, leisure, or other pursuits. Amidst this context, SOA started, from 2007, the LOVE Campaign to showcase owners' enjoyment of the inspirational and emotional value, over and above the functions and performance, of our cars. The campaign seeks to effectively convey Subaru's characteristic individuality to a wide range of customers.

Marketing a fulfilling lifestyle achieved by driving a subaru

Prior to 2007, Subaru advertising in the U.S. had been short-term in focus, targeting groups of prospective buyers by showing the specific functions and performance of each model—such as price or fuel economy. Consequently, the overall brand image was vague and market awareness of Subaru idled at a low level. To address this, the LOVE Campaign chose a unique marketing strategy to express the brand value from an owner's standpoint, including the owner's trust and love of their Subaru and the fulfilling lifestyle they are able to create with their family because they drive a Subaru.

The campaign struck a chord with U.S. buyers and successfully expanded the customer demographic of the Subaru brand. Furthermore, the revolutionary EyeSight advanced driving support system made its debut, while at the same time all Subaru models garnered the highest approval ratings from U.S. safety agencies. These awards allowed us to further prove the high level of safety that underscores owners' "love for Subaru," boosting the campaign's persuasiveness in the process.



Devoting effort to social contribution activities while aiming to be the most loved company in local communities

As part of the LOVE Campaign, SOA inaugurated "Share the Love," a program through which \$250 is donated to a charitable organization for each Subaru vehicle sold. The program was very well received by customers, with many voicing opinions such as, "I am glad that I can support society by purchasing a Subaru."

Furthermore, SOA is currently rolling out a project called "The Subaru Love Promise," and is being run in collaboration with dealers all across the U.S. Specifically, The Subaru Love Promise is a variety of initiatives to contribute to local communities and societies through activities and charitable causes such as environmental conservation, education, animal protection, and similar activities.

Through these types of activities, SOA and Subaru dealers in each part of the U.S. hope to become objects of trust and love in the eyes of owners and local communities, much the same as the Subaru brand and cars. To that end, we are striving to further increase the number of devotees to vehicles under the Subaru brand, while also helping each dealer grow toward being No. 1 in their region.

Providing cars that precisely reflect market demands, while continuing to build relationships of long-term trust with customers



Thomas J. Doll

President
Chief Operating Officer

Subaru has won trust from its customers by continuing to provide vehicles to the U.S. market with superior quality and the industry's most advanced safety features.

Additionally, by becoming a partner in the active lifestyles of owners, including responding to diverse customer demands such as “wanting to safely navigate snowy roads” and “wanting to enjoy long-distance family road trips,” the Subaru brand has come to enjoy devotion and love from its owners.

Of course, it is indispensable to introduce models that deftly perceive the needs of the marketplace in order to keep customers choosing Subaru. This is why the Subaru models in our current lineup are all situated in growth segments of the U.S. marketplace and reflect customer demands in terms of size, price point, etc. We are proud to declare that our success today in the U.S. is the result of collaboration utilizing Fuji Heavy Industries' advanced technological development plus SOA's market analysis and marketing acumen.

Going forward, we will continue to build long-term relationships of trust with owners by providing them with special experiences that are part of what make a Subaru a Subaru.

SOA Initiatives

- Strengthening customer service through telephone support and through the website.