

Automotive



PUBLICIS QMP

Renault “Scrappage Scheme”
Publicis QMP

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COMPANY PROFILE

One of the largest and most awarded creative advertising agencies in Ireland, Publicis QMP is an affiliated agency of Publicis, the world’s third largest and fastest growing advertising network, offering a wide range of services with a reputation for strategic planning and creative excellence.

Working in a manner described as “Collectively More Creative”, Publicis QMP work closely with their clients to create and manage ideas through every medium and discipline in the digital age and consistently develop iconic campaigns that have real impact.

INTRODUCTION & BACKGROUND

“Proof that advertising works is that Renault doubled its share of the new-car market to 9 percent in January. It built a television commercial campaign around the scrappage incentive months before the scheme was announced in the budget, Now the French brand is reaping the rewards.”

Siobhan O’Connell, Media and Marketing – The Irish Times 10th February, 2010.

Ireland officially went into recession on September 25th, 2008 and commenced a journey of economic disaster which saw many major multinational companies in Ireland close up, the collapse of the Irish property market and one motor dealership after another go out of business as car sales stalled.

One of the biggest casualties of the economic downturn, the Irish Motor Industry suffered its first downturn for 15 years and, by July 2009, sales were 65% down on the previous year.

Irish consumers could no longer afford to buy a new car, were precluded from getting bank credit to buy one and, importantly, did not want to be seen to be making a big investment during the recession.

Figures compiled by the Society of the Irish Motor Industry (SIMI) show that new car sales fell from 151,607 in 2008 to just 57,460 in 2009, resulting in a decrease of € billion in turnover for the Irish Motor Industry.

Against this backdrop, and despite positive examples from other markets, the Irish government continued to deliberate on whether to introduce a national car scrappage scheme in an attempt to boost sales and revive the Irish motor industry.

There were further complications in that, until the commencement of the recession, new car sales in Ireland were heavily dependent upon trade-in sales; however, with a massive fall off in the value of used cars, motorists were getting very little in return for the trade-in of their existing car against the purchase of a new vehicle.

This in turn led to a situation where the cars on Irish roads were increasingly older, less safe and environmentally unfriendly.

Given the above, the future was bleak for the Irish Motor Industry and particularly for any motor brand trying to survive in Ireland, let alone attempting to increase its market share.

MARKETING OBJECTIVES

By 2009, Renault had slipped under the radar for many new car buyers in Ireland and the brand was considered to be poor quality and unreliable with a slightly dowdy image.

Renault's sales in Ireland had been in decline for 10 years and had shrunk from 14,194 (6.15% SOM) in 2000 to just 5,993 in 2008 (3.95% SOM),

such was the fall in sales that the brand's lack of presence on Irish roads was now noticeable.

To complicate matters, in the first half of 2009, Renault's competitors such as Toyota and Ford the market leaders, all conducted "cash back" or "finance" promotions and there was a distinct danger that these promotions would develop into a full blown price war that would switch consumer attention from brand consideration to simple price comparisons.

Against this background, the following four objectives were set for the Renault brand in Ireland:

- Renault had to become more relevant to Irish consumers.
- Renault had to address its poor value and quality perceptions.
- Renault had to persuade consumers to switch from other car brands by increasing the brand's conquest level (sales units acquired from competitors) from 10% to 20%.
- Renault had to become one of the top 5 selling motor brands in Ireland.

To address these objectives and turn the Renault brand around, Publicis QMP worked closely with Renault's new Management Team in Ireland to put in place a strong and actionable marketing programme.

THE TASK

The difficulties facing our objectives were numerous:

Objective 1: Renault had to become more relevant to Irish consumers:

Irish consumers are very knowledgeable about the origins and national associations of car brands. Renault is clearly seen as a French brand.

Irish consumers perceive French motor brands as stylish and comfortable though not as technically advanced or reliable as German or Japanese car brands.

We were never going to convince Irish consumers that Renault was anything other than a French brand but we could position Renault as a brand that understood what Irish consumers were looking for, particularly in these

recessionary times, and position Renault as a friend and supporter of Irish motorists. (Graph A)

Objective 2 - Renault had to address its poor value and quality perceptions.

The value offered by the Renault brand, as with many car brands available in Ireland, had been affected dramatically by the entry into the market of low cost Asian brands. Up to 2009, Renault had addressed the price issue through promotional activity that was model and price focussed.

However, as value is a quality over price equation, it was vital that Renault also tackled their 'quality' issue. Renault freely admitted that there had been build quality issues in relation to some earlier Renault models and there was a consumer belief that only the Asian brands were confident enough to offer lengthy warranties. (Graph B)

Objective 3 - Renault had to persuade consumers to switch from other car brands by increasing the brand's conquest level from 10% to 20%.

29.7% of consumers buy the same car brand again when changing their car, the biggest single determinate in choosing a car. Renault would have to get Irish motorists to switch their brand of car when making their next car purchase, what are referred to as 'conquests' in the motor industry. (Graph C).

Objective 4 - Renault had to become one of the top 5 selling motor brands in Ireland.

Renault's market share and advertising share of voice were in decline in 2009 and since 2000 their market share had dropped to 3.95%. This allowed Nissan, Opel and Peugeot to join Toyota, Ford and Volkswagen as top selling car brands in Ireland.

THE STRATEGY

"My car isn't getting any younger, I can't keep delaying its replacement but it's not a good time to be investing in a new car"


Communications strategy:

To convince Irish consumers that Renault was supporting them by siding against the establishment and offering real motoring value in the worst recession that Ireland had ever experienced.



PUBLICIS QMP

Silver Award - Renault's "Scrappage Scheme"
Publicis QMP

BANGERS AND CASH

With the Government stuck in neutral, Renault serves up a scrappage scheme that's set to save people thousands of euro when buying a new car.

Talk about revving up motorists excitement!

Renault has just announced plans for a national scrappage scheme on cars aged eight years and older. From today, motorists can save €1,500 on a brand new Renault and up to a further €1,500 thanks to Renault's generous trade-in allowance, available against any brand, make or model. It means you can now drive away in the new Renault Clio from just €10,990*. It's just what we need after the kind of news that Irish motorists have been waiting for, and is sure to drive thousands of people back into the new car market.

Renault Ireland Group are a restricted liability company in Ireland. Renault Ireland only has Renault Ireland and is regulated by the Central Bank of Ireland. Renault Ireland is a member of the Renault Group. Renault Ireland Group is a subsidiary of Renault. Renault Ireland is a member of the Renault Group. Renault Ireland is a member of the Renault Group. Renault Ireland is a member of the Renault Group.

To find out more visit irishscrappage.ie



DOUBLE THE SCRAPPAGE. DOUBLE THE SAVINGS.

Government follows Renault and finally launches Scrappage Scheme.

At last the Government has followed Renault's lead. This means that you can now avail of the Government scrappage scheme and the Renault scrappage scheme, it's the double scrappage deal of a lifetime. Renault's scrappage scheme already gives motorists a €1,500 scrappage allowance on any car aged 8 years and older, as well as up to €3,000 trade-in allowance on any brand, year, make or model.

Visit your local Renault dealer this weekend. They're open for business and to saving you money.

	LIST PRICE	TRADE-IN ALLOWANCE	SCRAPPAGE ALLOWANCE	SPECIAL NEW PRICE
New Clio	€13,990	€1,500	€1,500	€10,990*
New Mégane Coupé	€19,990	€3,000	€1,500	€14,990*
New Mégane Hatchback	€18,990	€2,500	€1,500	€14,990*
New Scénic	€21,990	€2,500	€1,500	€17,990*

AND YOU WILL SAVE EVEN MORE THANKS TO THE GOVERNMENT'S SCRAPPAGE SCHEME!



NEW CLI0 FROM €10,990* **NEW MEGANE COUPÉ FROM €14,990*** **NEW MEGANE HATCHBACK FROM €14,990*** **NEW SCÉNIC FROM €17,990***

TO FIND OUT MORE ABOUT THE SCRAPPAGE DEALS ON OTHER MODELS, VISIT irishscrappage.ie

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By March 2009, 39% of Irish adults claimed the Government was at fault for the ongoing crisis (Source: Behaviour & Attitudes). This sentiment provided a perfect backdrop for us to introduce a new car promotion - Renault would give Irish motorists the kind of offer that they expected from the Government.

The Strategic Solution:

In a market overwhelmed with news stories about the recession, the launch of the Renault initiative would have to be a big good news story.

That story was that Renault would wait no longer for the Government to introduce a car scrappage scheme.

The Renault Scrappage Scheme:

In September 2009, Renault introduced a car scrappage scheme providing consumers with generous discounts across a range of Renault models.

The Renault Scrappage Scheme provided Irish motorists with discounts of up to €4,500 when they replaced their old car with a new Renault.

The Target Audience:

The primary target was current Nissan, Toyota, Ford and Opel drivers, these individuals needed to replace their existing cars yet knew that they would get little in return for a trade-in of their existing car.

The Creative Brief:

The creative brief for this project was to be brash and capture consumer's attention in as short a time as possible, making sure that they were aware of the significance of this scheme. The communications had to be delivered in an Irish context and in a manner that allowed Renault to "own" the scrappage concept in Ireland.

The Media Brief:

The majority of SOV spend in the car industry is in the last two months of the year leading up to the new January registration plates. Renault's key point of difference was that they go to market early with their offer and invested the majority of their advertising spend in Q3 giving them a crucial headstart.

The media brief was simply to build awareness of this Renault initiative in as intrusive a manner as possible so as to drive traffic to Renault dealership forecourts – to this end, it was agreed to use news and current affairs programming on broadcast media while motor related media would be availed of in other media.

This was the first Renault campaign in which online media would have a huge role to play and this element of the campaign preceded the above-the-line media launch.

Another element of this campaign was the role that the Renault owned media, the dealer network premises etc, would play in the overall campaign.

THE IDEA & COMMUNICATION ACTIVITY

There were three elements to the “news story” advertising campaign created to support the launch of the Renault Scrappage Scheme:

1. An announcement campaign that would maximise the spread of news regarding the launch of this initiative.
2. A “teaser” campaign on selected media that would give Renault ownership of the overall ‘scrappage’ concept.
3. A retail campaign that would drive consumers onto the forecourts of the Renault dealer network in Ireland to find out more about the Renault Scrappage Scheme and see how they could benefit from it.

1. The Announcement Campaign:

This, the main element of the campaign, ran on television, radio and in newspapers and featured an Irish News Reporter talking excitedly about the new Renault Scrappage Scheme from a location that frequently appeared on Ireland’s news media - Government Buildings in the centre of Dublin.

The somewhat breathless message from the news reporter was simple - Renault had gone ahead and introduced a car scrappage scheme offering consumers exceptional deals on the purchase of new Renaults.

Such was the veracity of this approach that RTE Television insisted that we edit the commercials to ensure that consumers did not mistake them for actual news reports.

In subsequent commercials, the Renault News Reporter was seen to stalk and harass “Government Ministers” while lobbying for the Government to take “scrappage” action - all the “scrappage” commercials were shot in recognisably Irish locations, featured Irish cast members and were low budget productions mirroring the hand-held approach of such news reports.

The initial TV commercial ran at heavy weights in news, current affairs and peak airtime programming achieving 660 ratings, over 6 weeks, in 2 bursts. This was a significant investment (€90k) for a car brand in September and made noise for Renault well in advance of the traditional car buying season.

This campaign was developed and extended over time to include a “Double Scrappage” version guaranteeing consumers that if the Government got around to introducing a car scrappage scheme, Renault would provide their scrappage deal on top of the Government’s offer.

Together with the generous trade-in allowances on offer from Renault, the scrappage scheme provided real and substantive incentives for consumers to replace their existing cars with new Renaults and left them with no reasons to prevaricate in taking up this offer.

2. The Teaser Campaign:

To coincide with the launch of the main campaign, this strand of the campaign promoted a web address (www.irishscrappage.ie) and was supported with a combination of outdoor, press in unusual formats such as in the classifieds section of the Irish Times motor supplement and in an eye-catching online format which ran on online car sales websites.

This element of the advertising campaign did not carry any Renault branding with the website (www.irishscrappage.ie) being a micro site that linked back to Renault Ireland, but looked like an unbiased look at the scrappage deals available in Ireland.

Anyone word searching car scrappage schemes in Ireland was also directed to this site.

3. The Retail Campaign:

To get consumers to visit the Renault dealerships in Ireland to find out more about the Renault Scrappage Scheme, a specific campaign was conducted utilising heavy weight traditional retail media (press, radio and television) with an immediate call-to-action. In addition, mail shots were sent out to all existing Renault customers inviting them to their local dealership.

It was the first time Renault employed an e-shot strategy. We developed three different executions of an e-shot that we sent out on behalf of Renault, each one dealing with a number of different possibilities and the different scrappage permutations that could have come out of the government budget.

The applicable e-shot was then sent to 166,871 people within 45 minutes of the scrapping announcement on budget day.

Samples of all the creative executions used in this campaign as well as the media plan are included with this entry.

THE RESULTS

The audience that were intended to see the communication did so.

Across the 4 and 3 week TV bursts in Sep / Oct 09 and Nov 09 we bought 350 and 310 TV ratings respectively. The audience for these campaigns was ABC1 Adults and we achieved approx 75% cover of the audience per burst (reaching 991,000 ABC1 Adults). Frequency was 45% at 3 plus. The average amount our audience saw the ads was between 4 and 5 times. Our press campaign in Sep/Oct reached 62% of all ABC1 adults. Average frequency was 1.8.

We ran radio at a low level across Sep, Oct and Nov and increased to a much heavier campaign in December 2009. For this heavier burst we achieved 80% cover at an average frequency of 10 - utilising the high frequency nature of the medium. This activity was supported by consistent digital activity throughout the quarter, with heavy weight display and continuous search.

We bought 675 TV ratings across Jan and Feb achieving cover of 84% and 62% 3+. Average frequency for the period was 6.1. Radio was at a medium weight, spread across 3 weeks reaching 91% of our target at an average frequency of 9. Again this was supported by heavy weight display and consistent search presence.

The award-winning e-shot had an open rate of 28%, with 46,387 people opening and engaging with it. Renault's opted in consumers went from zero to 1,234.

They took the message as was intended.

While we have no post campaign consumer research that would provide statistical data in terms of the desired consumer response to this campaign, we would refer the reader to the sales results below in response to this question.

This in turn made them think and crucially behave differently to the product/brand/service.

The conquest rate of 55% achieved by Renault in January 2010 - two and a half times the target given for this campaign - clearly indicates that this

campaign made consumers think and behave differently.

This shift in attitude and behaviour answered the original marketing objectives.

To demonstrate the success of this highly effective campaign we have reviewed the results against the original campaign objectives:

Objective 1: Renault had to become more relevant to Irish consumers.

The massive improvement in the relationship between Renault and Irish consumers is reflected in the fact that no other car brand in Ireland had as high a sales per dealer ratio as Renault during this campaign: (Graph A)

Objective 2 - Renault had to address its poor value and quality perceptions.

Despite the fact that the discounts offered by Renault were in line with those offered by Toyota, Ford, Opel and Peugeot during the campaign period, and despite the fact that the Government eventually applied a scrappage scheme to all car brands on sale in Ireland, Renault still attained an increase in market share of +158% between October 2009 and April 2010. (Graph B)

Objective 3 - Renault had to persuade consumers to switch from other car brands by increasing the brand's conquest level from 10% to 20%.

By the end of January 2010, Renault's 'conquest' rate hit 55% which when projected will have a very positive effect on future sales of Renault in Ireland, as 29.7% of Irish consumers buy the same car brand again when changing their car. (Graph C)

Objective 4 - Renault had to become one of the top 5 selling motor brands in Ireland.

Renault sales increased by 543% during this campaign, while overall car sales in Ireland decreased by 15%, making Renault the 4th largest selling car brand in Ireland for the period October 2009 - April 2010.

In terms of other outcomes from this campaign - following the launch of this campaign, the Irish Government was forced to make a public announcement on their plans to introduce a car scrappage scheme while some car brands complained to the Society of the Irish Motor Industry (SIMI) that Renault had taken ownership of the scrappage concept.

The success outlined above was achieved despite the fact that there was no increase in distribution of Renault in Ireland and despite the fact that the 'scrappage' discounts offered by Renault were of the same level or less than the discounts offered by the other car brands under other guises. This fact

clearly indicates that it was the tone, manner and timing of this campaign that ensured its effectiveness.

And yet, this campaign cost considerably less to create and implement than some of the competitor activities aimed at the same market over the same period.

Other positive results emanating from this campaign included:

- The benefits to the Irish environment and society of so many new safe and energy efficient Renault cars replacing older cars on Irish roads.
- The massive benefit to the Irish exchequer from the sale of so many new Renaults (the average direct contribution to Irish coffers being €2,000 per car sold disregarding VAT and other taxation charges).
- In a sector where consumers spend a considerable amount of time researching products online before making a purchasing decision, visits to the Renault Ireland website more than doubled during the campaign period with the average visitor to the website spending 32 more seconds viewing the site.
- Creation of employment in the Renault dealership network.
- For a brand at the point of change with a new slogan that reflects its future intentions (Renault: Drive the Change), the outstanding success of the Renault Scrappage Campaign set the brand up perfectly to introduce new models and new innovations to the Irish market particularly with regard to its innovation in electric vehicles.

One quick and easy way to experience the positive results of this campaign at first hand is simply to take note of the number of new Renaults on our roads.

PAYBACK OR RETURN ON INVESTMENT

Financial sales figures and profit margins are notoriously difficult to obtain in the motor industry, where differing financial terms and conditions may be in place between the manufacturers and the car dealers.

For this reason, we are not in a position to share, in absolute terms, the return on investment enjoyed by Renault as a result of the scrappage campaign.

However, according to estimates supplied to us by the SIMI (Society of the Irish Motor Industry), the new car market in Ireland was worth €1.3 billion in 2009.

Given that Renault's market share increased during the campaign period by 228%, we estimate that Renault enjoyed an increase in sales (based on the SIMI data) of approximately €3,000,000.

When even a very modest profit margin is applied to this estimate, it is obvious that the return on investment for this campaign was highly positive.

As detailed in the results section of this entry, the success of this campaign has delivered many other benefits and puts Renault in an ideal position for future growth and prosperity and has proved that by "thinking local" and involving local Irish suppliers, a multinational giant such as Renault can fully reap the rewards

"When they write the annals of the current scrappage scheme, one brand will stand out above the others for stealing the show. Surprisingly, it won't be the Italians, famous for their small cars, nor will it be the Koreans, who have done so well on the back of other scrappage schemes in Europe. It will be Renault."

Michael McAleer, Motoring Editor – The Irish Times, 4th August 2010

SUMMARY

This case study demonstrates how with the right strategy, tone of voice and focussed messaging the tables can be turned even during the harshest of economic environments. With the introduction of the News Reporter and his urgent news flashes on the Scrappage scheme, Renault Ireland managed to boost its share of market from 4% in October 2009 to an unprecedented 9% in March 2010. Year on year sales were increased by over 500% by the end of phase four of the campaign while the conquest levels increased over five-fold giving Renault Ireland a bright future and an encouraged and optimistic marketing team and sales force.