

BRONZE

Automotive

Owens **DDB**^o

The Polo – a no compromises approach to advertising.
Owens DDB

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COMPANY PROFILE

Owens DDB is a communications agency offering expertise across all media channels. Part of the DDB network, we are encouraged to generate creative solutions to business problems. We are proud to have retained the majority of our clients for a long period of time priding ourselves on the service we provide and the quality & effectiveness of work we generate. And we're very friendly.

INTRODUCTION & BACKGROUND

In years to come papers such as these, pertaining to Ireland in 2009, will attempt to paint a picture of the economic challenges this nation faced. The downturn impacted all elements of the economy but arguably none so dramatically as within the automotive market. Total sales year on year were down 62.6% - that's a change of sales from 148,669 a year to just 55,578. Then consider that the car market is incredibly seasonal with 60% of total sales usually coming in the first 3 months of the calendar year, the idea of launching a new car in this environment appears to be nothing more than folly.

However, with the new Volkswagen Polo due to reach Ireland's shores in October of 2009 there was no question of a delay. The Polo is part of the Holy Trinity of Volkswagen's lead models – the other two being the Golf and the Passat.

With the Polo, Volkswagen Group Ireland faced an intriguing challenge. Whilst it was a profitable model it was not meeting the volumes it should, was increasingly appealing to an older audience and alienating potential buyers in this most competitive segment (referred to as A0).

Furthermore, stiff competition in this segment came from Volkswagen's two major rivals in Ireland; Toyota with the Yaris and Ford who had recently released the new Fiesta. Finally, there was change internally within the Volkswagen group with new management and structures being put in place following the acquisition of the previous distributor MDL by the Volkswagen Group.

So as you can now glean, it was all incredibly straightforward.

MARKETING OBJECTIVES

Planning for the communications launch of the Volkswagen Polo commenced on the 9th June 2009. Adam Chamberlain, the recently appointed Marketing & Sales director, made it clear that he desired an integrated approach between the Agencies & Volkswagen. Information was to be shared, targets to be agreed and the work to be carried out in a team environment rather than master & servant. Challenge was encouraged because the launch had been identified as an event with both short & long term implications for the brand. Adam presented his view on overall objectives as he saw them:

The targets set were ambitious but then we started to learn about the car. The level of detail that had gone into all aspects of the new Polo was phenomenal. Volkswagen had made a conscious decision to emulate all the strong characteristics of the Golf but this time in the smaller Polo. This being the 5th generation of Polo it was apparent that the bar was being set high across all areas: safety, technology, styling, performance and handling. This ethos is quite in keeping with the brand mission statement of Volkswagen encapsulated by one sentence:

Volkswagen – the world's most innovative high volume brand.

With a marketing objective of setting the Polo as the benchmark leading to a

Overall Campaign Objectives

Raise unprompted awareness of Polo to 68
(Ford Fiesta level Awareness & Image check Oct08)

Generate consideration for purchase

Position Polo AO5 as the benchmark car in the AO
segment for quality....

Support the increase in Segment share from 8.1% to
11.1%

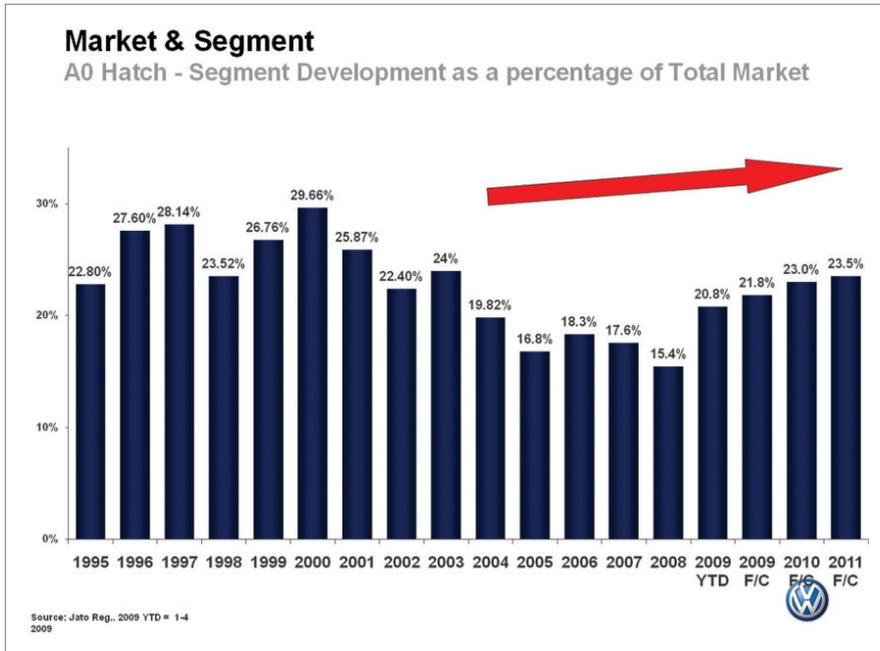


business objective of increasing segment share from 8.1% to 11.1% we felt that our communications objective should be formulated concisely and with careful consideration of the product itself.

With this in mind we proposed the use of a planning tool devised by the DDB network. 'Model Foundations' was launched in March of 2009 and was a progression of the 'Brand Foundations' planning tool. It is a tool that allows Clients & Agencies to come together for a planning day session whereupon we can analyse all elements of the new product being launched and pin point the platform that will make said launch a success. On the 3rd July Owens DDB hosted the Volkswagen Marketing team and representatives from Mediaworks and Fleishman Hillard to work out how we were going to position the New Polo for launch.

The Task

The task in front of us became more intriguing as more information emerged. Volkswagen was keen to share as much information as possible to ensure an effective planning session.



Market & Segment

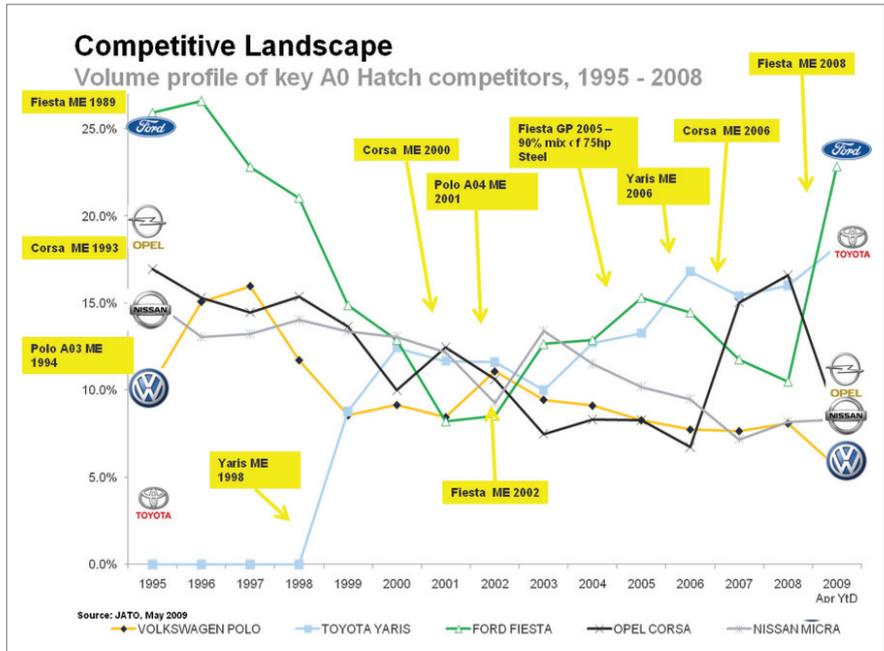
The first learning was that the A0 segment which the Polo sits in is becoming increasingly critical to sales success for automotive brands in the Irish market. This is a reflection of the changed economic environment. Whereas the first 8 years of this decade witnessed a steady decline in this segment as people sought larger cars, 2009 witnessed over a 5% increase in share for this segment.

Competitive Landscape

The next issue raised concerned the fact that the Polo had suffered consistent decline in market share since its last launch in 2001 (see Competitive Landscape graph). This was accompanied with severe undermining from its two principal rivals the Ford Fiesta and the Toyota Yaris. The Polo struggled to maintain market share for a number of reasons – a primary driver was the fact that a truly new Polo had not been introduced to market since 2001. In the intervening eight years there had been facelifts but against the Yaris (2006) and the Fiesta (2008) the styling appeared out-dated.

Also it was noted that whilst the Polo's 2008 segment share was indeed 8.1%, the share for the year to date in May 2009 was 5.6% - we were not looking for an incremental increase of 40% as previously thought... **we were looking to double our market share.**

Encouragingly though, Ford’s launch of the Fiesta had demonstrated that assuming a new vehicle with inherently strong attributes was produced, a decline in share could be arrested and converted into a successful rise in share.

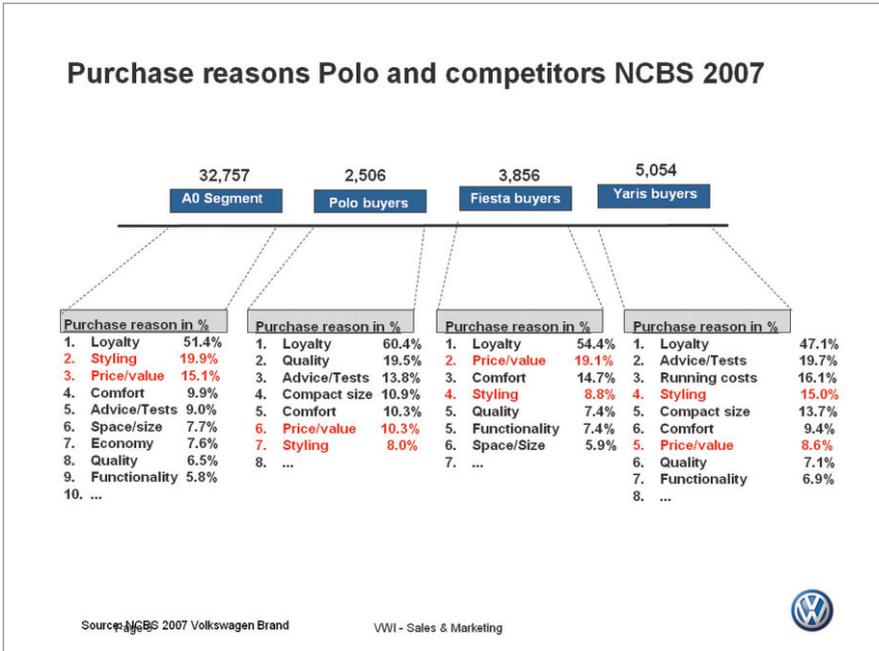


Purchase Reasons

Finally it was important to have a deeper understanding of reasons for purchase. The 2007 New Car Buyers’ Survey revealed some interesting insights into how the Polo was perceived against the segment as a whole and its competitors.

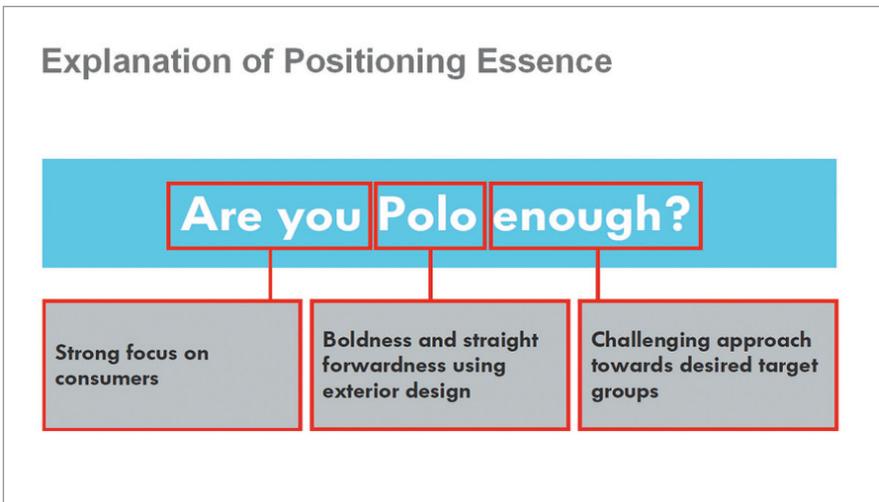
Brand loyalty, as is true across the majority of automotive segments, is king. However, in the A0 segment the next two most critical attributes are Styling & Price/Value. In this context the current Polo was struggling, ranking only 6th and 7th for purchasers on those attributes.

In short the Yaris was the price leader and the Fiesta was the Quality/Innovation leader. For the Polo to even compete we would need to ensure that our marketing platform challenged perceptions of the Polo in both these territories. Challenging purchasers to re-evaluate their perceptions of a segment dominated by 2 players.



THE STRATEGY

The European positioning statement for the launch of the new Polo was:



We had a preview of the work that emerged from this approach but as a group concluded that defining a more targeted position for the Irish market would be beneficial.

The Model Foundations tool helped us define the following:

1. The A0 segment.
2. The Polo product story.
3. The current market share, status of brand and core competitors.
4. A product statement defining what the Polo offers.
5. The strategic target group.
6. The tone and style that would be employed.
7. The contribution to the Volkswagen brand values of the new Polo.
8. The strategic goals for the Polo.
9. A desired positioning statement.

Our strategy was a reflection of the effort that had gone into the design and manufacture of the new Polo – no compromises.

MODEL FOUNDATION	
1. What is my market area?	A growing segment in Ireland and one of the most competitive. 40% of the market is dominated by Toyota & Ford.
2. Where do I come from?	Having originated in 1975 the Polo has been a model of consistency. This is the first time since 1996 that Volkswagen can feel confident in having a class leading model.
3. Where am I now?	Our core competitors are Toyota & Ford. Decline in market share over time means that the Polo is coming from a long way behind our competitors.
4. What do I offer?	The Polo offers a striking presence complemented with class leading technology, design & safety at an affordable price.
5. Whom do I address?	The Polo A05 has inherited a strong female bias and older buying group. Our target is to ensure both men & women are engaged with relevant messaging but with a core age of 30-40 years.
6. How do I talk to them?	Human, Open & Clear
7. What is my overall support?	The key sub-values are: German Engineering, Benchmark, Economical, Dynamic & Substance
8. Where do I want to go?	12% sustainable market share over lifecycle of car. Re-positioning Polo as a leading brand ambassador & a cornerstone of our long term market share target.
9. What should I stand for?	Polo. No Compromises. A statement that reflects our brand foundation of offering the 'Complete Car' supported with product truths.

The more we discussed the Polo, the greater its strengths grew. It had class leading comfort taking its lead from the World Car of the Year, the Golf. It embodied class leading safety being the first A0 car to score a five star rating in its EuroNCAP rating. It had performance and economy figures that equalled

or bettered all its rivals. And it had a styling that was contemporary and attractive. The desired positioning statement was one of intent – it reflected both Volkswagen’s attitude to the development of the car and the attitude the buyer should pursue.

Creative Brief

We were conscious that there were international campaigns available for television and print but these did not communicate our desired positioning. So from a creative standpoint we made a conscious decision to take elements from multiple campaigns and create our own singular campaign against the platform of ‘No Compromises’

Media Brief

The media brief was far more focused on a younger age group than ever before. The Polo had become a model that increasingly relied on an older sales target audience. This was a reflection of its standing in the segment. With a new model and new approach we were conscious that the 25-44 audience needed to be targeted. Furthermore we wanted to ensure communications were gender neutral and did not exclude couples with low incomes. The new Polo was far more affordable than its predecessor and we were keen to communicate this fact. Finally, the role of digital was to be expanded upon – traditionally motor manufacturers in Ireland had not embraced this as fully as one might expect. With such a critical launch the onus was on Mediaworks to create an effective digital strategy that would help us capture that audience.

The Idea & Communication Activity

Our media strategy focused on three key channels:

Television

Print

Digital

For television we took an international commercial and produced 2 x 30 second edits. Where previously the execution had celebrated the idea of being a Polo driver we expanded on the theme and questioned what do people in life look for when they don’t accept compromises. In each case we had the v/o reflect the action on film with the actors demonstrating their requirements whether it was ‘wanting a place where I can feel safe’ or ‘I love classic design, but classic design with a purpose.’ The actors featured were in our target audience range and were depicted enjoying contemporary past times.

With print we felt we had a great opportunity to showcase the Volkswagen



We don't believe in compromise. Do you?

The New Polo is a statement. A statement of our refusal to compromise on excellence. Take a look and you'll see why. Stylish design delivers an enduring, classic look. Innovative safety improvements have resulted in the New Polo becoming the first car in its class to attain a EuroNCAP 5 Star Rating. Combine that with an interior of the highest quality and you'll understand why the New Polo sets the benchmark for cars in its class.

And with an entry price of just €14,590, the New Polo has never been so affordable. Text "Polo" to 51500 to arrange a test drive.



The new Polo. No Compromises.

Volkswagen Polo 1.2 TDI CO2 Emissions (g/km) - 67. Combined Fuel Consumption (l/100km) - 3.3 *Model depicted is for illustrative purposes only.

Polo at its best. We elected to use a shot of the Polo from stock footage and then treat the background with a sepia effect that would give the car more standout on the page.

The copy was bold and challenging - immediately setting out Volkswagen's belief in no compromises. The headline was created to make it very clear what the Polo stands for. The body copy went on to neatly encapsulate Volkswagen's design ethos and what they wanted to achieve using phrases such as 'statement' 'quality' and 'benchmark' This was in contrast to traditional Volkswagen copy which has a rich heritage of being confident yet quiet. On this occasion we wanted the Volkswagen copy to sing the praises of the Polo – as we had quite a song to sing. With regards to media we made a point of booking large spaces in the key titles either 20cm x 6 or 18cm x 6. Our intention was to ensure that this space could not be missed by the reader. Special steps were taken in liaising with publications to ensure the red hue of the Polo was as rich as possible to aid stand out even more.

In keeping with this approach the digital environment offered us an opportunity to engage with potential purchasers and expand on why we believed the new Polo was a statement of 'No compromises.' Our media strategy was planned in such a way that we could utilise expandable leader boards and MPUs. We

did not want to do simple display advertising but use the channel to have people engage with the various strengths of the new Polo.

The design that our digital partner Digitalworks created rewarded the participant for longer dwell time. A mini game was created for each strength of the Polo that we wished to communicate whether it was safety, consumption or price we ensured that a clear benefit of the Polo was promoted every time.

Another advantage to this approach was that the Volkswagen Group Ireland website was in a period of transition so the more information we could communicate to the audience at this stage the greater the chance was that we would get the new Polo on their consideration list.

In terms of digital media we were keen to have a strong presence on the major traffic sites that would deliver high page impressions. However we also embarked upon a conquest strategy where we partnered with CBG.ie (Car Buyers Guide) and Independent.ie. With the former we were guaranteed a presence, not just when people searched for a new Polo, but when potential customers searched for any model in the A0 segment. With the Independent.ie site our work would appear whenever a visitor searched a car review or visited the motoring section.

THE RESULTS

Volkswagen's and Mediaworks' approach to media is based on the principle of efficiency rather than excess. With this in mind our launch budget for the Polo was set as follows:

	€	Objectives
Television	129,435	3+ OTS with Frequency of 5.5
Print	44,509	1+ Coverage of 70% and a Frequency of 2.2
Digital	38,887	CTRs of 0.15
Total	214,631	

And yet we successfully met or exceeded all of the above objectives of the media strategy.

Even more encouraging was the impact that our advertising had on the target audience. An advertising assessment performed by Millward Brown Lansdowne in June 2010 found the following highlights.

Television executions scored +19 on both Relevance (‘Made points that are relevant to you’) and Activation (‘Take a closer look at the car’). The evaluation of these television commercials concluded the following:

“The more rational, persuasive element of these executions work well with the values communicated being seen to be both relevant and appealing. This in turn drives an impressive activation result, with interest in the brand being stimulated.”

With the print work we were even more encouraged by our results as the following chart demonstrates.

Broader Effects

Volkswagen also commissioned a Brand Health Report that was published at the same time as the advertising assessment. This confirmed that our communications work had improved the brand appeal of Volkswagen as a whole. As this paper alluded to at an earlier stage, ‘re-positioning Polo as a brand ambassador’ was another objective we set ourselves as a result of the Model Foundations process.

The image profile results in the A0 segment of the study were incredibly strong. Whereas our rivals found that their representative in this class either had a negligible or even negative contribution to the brand, the Polo provided a stark contrast. Just some of the positive brand scores were as follows:

Are safer to drive than others	+13
Are worth their price	+8
Are good quality, reliable cars	+16
Keep their value for a long time	+20
Are prestige cars	+4
Are sturdy and solid cars	+22
Are functional and practical cars	+4
Are particularly well engineered cars	+13
Are cars for people like me	+4

In summary, our activity was seen by the people it was aimed at, changed their perception of the Polo, encouraged activation and contributed to an improved perception of the brand.

However, the real question is did we drive sales?

Impact on Behavioural Attitude & Payback

Question: How closely were you reading this paper?

Answer: If you spotted that our Model Foundations Day resulted in an adjusted market share target of 12% over the lifetime of the car rather than the initial figure of 11.1% then I doff my cap.

This campaign was about one thing, giving the Volkswagen Polo a strong platform that would result in the sales push it required to regain market share. The sales figures from October 2009 to March 2010 confirm that we did hit our target and exceeded it by 0.5%. (Source: Vehicle Registration Office)

	Oct - Dec 2009	Jan - Mar 2010	TOTAL	%
VW Polo	114	1271	1385	12.5
Alfa Mito	1	9	10	0.1
Chevrolet Aveo	0	126	126	1.1
Citroen C3	1	101	102	0.9
Fiat Panda	10	145	155	1.4
Ford Fiesta	61	2123	2184	19.7
Honda Jazz	7	111	118	1.1
Hyundai i30	9	335	344	3.1
Kia Soul	3	62	65	0.6
Mazda 2	10	261	271	2.4
Mini	29	139	168	1.5
Nissan Note	4	278	282	2.5
Nissan Micra	4	595	599	5.4
Nissan Pixo	2	110	112	1.0
Opel Corsa	18	618	636	5.7
Opel Meriva	6	49	55	0.5
Peugeot 207	0	417	417	3.8
Renault Clio & Modus	90	1511	1601	14.4
SEAT Ibiza	8	351	359	3.2
Skoda Fabia	16	288	304	2.7
Suzuki Swift	8	92	100	0.9
Suzuki SX4	8	158	166	1.5
Toyota Yaris	60	1472	1532	13.8

However, we cannot claim that the total sales figure from launch on 1st October

to 31st March can be solely attributed to marketing investment. We are aware that there were a number of factors in play. A review of the introduction of the Polo A04 in 2001, an analysis of the impact of the Government Scrappage scheme and acknowledgement of price adjustment of the New Polo prompted the following allocation of sales.

Existing Market Share	621 Units
Uplift Due to Government Scrappage Scheme	168 Units
Price Adjustment	130 Units
Introduction of New Model Uplift	186 Units
Marketing Investment	280 Units

The analysis raises an interesting point – the impact of the scrappage scheme. Volkswagen’s planning department has monitored closely the impact the Government scrappage scheme. Due to the fact that it applied to cars ten years or older, the vast majority of buyers were not able to afford larger sized cars. So the A0 segment was the one that saw the greatest uplift. Across the Volkswagen brand sales as a whole the impact was far less substantial.

The question is then raised – would we have hit our market share without the Government scrappage scheme? The answer to that question is yes. Toyota, Ford & Volkswagen were conservative in their approach to the Government Scrappage scheme. Usually either matching the amount or offering slightly less which is standard practice in such an environment. However, a number of other competitors have managed to dramatically increase sales in terms of units in this segment (sometimes up to 350%) by aggressively increasing incentives. In these cases the impact the Government Scrappage Scheme combined with their discounting approach was far exceeded that of Volkswagen’s. Finally, we must look at the Return on Marketing Investment.

Taking the Net Incremental Profit of €306,390 and dividing it by the marketing spend of €214,631 results in a ROMI figure of 142%.

CONCLUSION

Beyond the metrics of research and cost the reason why we feel this campaign was effective is simple. We managed to establish a creative platform for the Volkswagen Polo that will enable us to market the car throughout its time in the market. Short term effects may have been excellent but our long term prospects are even better.

Estimated Profit Margin based on standard practice in this category