Advertising cars

Roderick White looks at moving metal and marque-building

THE AUTOMOTIVE SECTOR represents a massive share of marketing expenditure in industrialised markets (1, 14, 15). This is hardly surprising, given the market's size, the depth of ownership, and the fact that purchasing a new car is second only to buying a new house among consumer investments (23).

As a result, the market is well covered by case studies and analyses, but its complexity raises difficulties in identifying best practice. This article offers more a guide to the issues than definitive answers, and individual marques, models and market segments may need different approaches. IPA Awards and other cases provide a rich vein of learning, and illustrate the diversity of successful approaches.

The issues

Several major issues affect the way car communications must be managed, and each may be significant.

▶ **Market fragmentation**: in the UK, over 50 marques and over 200 models are sold in some 2000 derivatives, in a market of about two million new cars annually. The industry, broadly followed by the public, sorts this into about eight sectors, defined by size and type – MPVs (SUVs in the US), sports, people-carriers, and so on (2, 5).

▶ **Segmentation**: there are many ways of segmenting the consumer market, some sector-specific, from broad attitudes to cars and car purchase to detailed personality analysis (4, 5, 7, 15, 25). Within this, some markets (notably the UK) have a split, important for some sectors, between private and fleet buyers and the intermediate 'user choosers' (6). Demographic profiles of segments can be distinctive, in particular to the extent that women are purchasers or key influencers, leading to a need for tailored copy and media (4, 14).

▶ **Marque vs model**: all manufacturers produce a range of models, often with their own branding, but aim to develop marque reputation, in the hope of retaining buyers who shift up (or down) the size/price/type scale for their next car. The balance between objectives varies over time (8, 11).

▶ **Short vs long term**: individual model life cycles last perhaps five years (17, 28). This demands a successful launch, support to maintain sales, sometimes with the help of 'special editions', and a 'runout' to clear dealer stocks and make way for the replacement (1, 16, 31). Sometimes, the cycle can be extended (28, 30). Meanwhile, the marque and model names must be built for the long term (29).

▶ **Customer acquisition and retention**: about half of car buyers buy again from the same marque, the rest becoming 'conquest' sales for others (26, 30). The balance of communication between CRM and acquisition varies widely, complicated by the industry's dealership structure: dealers, not the manufacturer, 'own' the customer (1). Cooperation between dealers and brand owners is not always brilliant, and market dynamics may make marques compete for dealers' affections (1, 25).

▶ **The buying process**: choosing a car is complex for most people, involving a series of stages (3). The problem for manufacturers is that this works as a funnel: if you are not in the original consideration set, it is hard to get in later (3, 14, 15, 17). This means that the most crucial communications occur perhaps six months before purchase, and get the model onto the consideration set – but it is necessary to maintain contact with prospective buyers as they refine their choice. Hence the importance of test drives (14), special editions (15) and incentives (18).

▶ **Reason and emotion**: physical differences in performance, features and appearance between closely-competing models are few. A state-of-the-art model has only a brief technical lead on any significant feature (32). Thus, increasingly, car advertising relies on emotional differentiation (25, 26, 27). This derives from many sources, and whole emotional areas may be occupied by a marque: in the UK, Volvo owns big-car safety, while BMW has a powerful combination of prestige, status and performance. Audi, with a similar heritage, focused its appeal on driver imagery (9).

▶ **Seasonality**: car markets are seasonal, influenced by, for instance, holidays (low summer sales in Mediterranean countries); the twice-yearly changes in licence plates (UK); and model launches, which cluster in autumn and spring. Given the length of the buying process, this need not affect strategic advertising, but influences timing of tactical activity.

▶ **Integrated communications**: car makers routinely use a range of communications (7, 11, 14, 17). As IPA cases argue, isolating the effects of any discipline is exceedingly difficult (10). It is, clearly, essential to define the roles of individual activities. For example, while PR in specialist press can be valuable to reach a car buff segment (13) at model launch, it is unlikely to affect people who view their car purely as a means to get from A to B. Sponsorship and motor sport have similar limitations (7). Customer magazines mailed to marque owners help in retaining loyal buyers, but do little for conquest. Increasingly, the internet holds communications together, though the cost of major search keywords is an inhibiting factor (17).

▶ **The internet**: there are many opportunities for consumers to research, compare prices and purchase online (4, 7, 14, 17, 32). They use the net widely for searching and comparing, but not much for actual purchase (4, 19, 20), whether new or secondhand. Nonetheless, an online presence is indispensible for both marques and dealers (19).

▶ **Media selection**: conventionally, TV carries 'theme' advertising for cars (28); other media, especially newspapers and the web, detailed information and 'scheme' – price, finance promotion, and so on (1, 32). In practice, there is wide variety both in the media mix and how individual media are used (16).

Other issues

While these are the main issues for planning car communications, there are others.

▶ **Dealer support**: while dealership systems vary by country, dealers are generally independent of manufacturers and often multiple franchises, selling several marques, sometimes from the same site (1). They effectively own their customers, and this can impede manufacturers' CRM programmes, which may have to be channelled through the dealers.

Dealers are retailers, with their own communication programmes (1), including advertising. If manufacturers look for integration with dealers' advertising, they have to set up joint programmes, with necessary inputs: creative templates, point-of-purchase material, contributions to adspends, and so on (7, 25).

The role of the dealer is contentious (33), quite apart from the attitudes of competition authorities: both Saturn in the US and Daewoo in Europe have profited by offering an alternative (4).

▶ **Secondhand market**: a consideration affecting car purchase is its residual value when sold or traded in. Residuals are affected by model/marque reputation, both in image terms and for reliability and maintenance costs, and good communications can affect these values.

▶ **Market developments**: recent years have seen progressive fragmentation of the 'traditional' market structure, as new formats – people carriers, MPVs, pickups – have gained popularity and affected the balance of inter-manufacturer battles. Imminent is the issue of alternative fuels, evident in 'hybrids' like Toyota's Prius (12). Will the environment replace safety as a top consumer concern (4, 23, 32, 33)?

▶ **Consistency**: especially at marque level (8, 29), and even for individual models, consistent style and message content can build a business (31).

▶ **Creativity**: car ads go through fashions. Visibility is crucial, and visibility is best achieved by breaking conventions (10, 11, 16, 24).

▶ **Research**: the industry fosters a wide range of syndicated research – it would be expensive for any manufacturer to cover every segment of the market through solus surveys. As a result, there is a mass of data, but most quantitative material is common to all. This puts an onus on strategists to develop insightful analyses, and to use tailored proprietary research for additional insights (2, 5, 12, 22). It is too easy to deny consumers a voice in a market where manufacturing resources are vast (21).

Conclusions

The industry offers an enormous challenge to marketers and agencies to achieve effective and cost-effective programmes. It is (relatively) easy to launch a model: it is far more difficult to manage a marque's reputation over years in response to changing conditions and pressures, as ranges change, develop and are renewed.

Because of the scale of the challenge, however, there is a rich bank of learning available. ■

Core reading

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