

Research Report
ABOUT Automotive

The global automotive marketing report

The evolution of automotive marketing and advertising

2005 edition

by Glen Smale



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Chapter 1 Introduction

It was through motor sport that the application of the motor car became fully known

Setting the scene

Over the past century, the automotive industry has been confronted by greater challenges than most other industries. It is not only the frequency of these market stimulations that has challenged the automotive industry, but the extent to which the industry has had to develop in order to include them, something which could never have been envisaged in the early twentieth century.

To a large degree, it is through motor sport that the car became popular with the man in the street. Marketing alone, at the turn of the twentieth century, would not have convinced the public of the merits of car ownership, rather, it was through motor sport that the application of the motor car became fully known. The public's enthusiasm for this new-found mode of transport in society did the rest, and the industry has had to work hard at trying to interpret the market signs in order to satisfy the demands of the consumer ever since.

The car had matured into the single most important commodity for an increasingly sophisticated public

General Motors is widely regarded as having been the first to recognise this phenomenon when the charismatic Harley Earl was hired to head the newly created Art and Style Department in 1927. The importance of this move lay not in the creation of a fancy new department, but in the recognition of the customer's need to make a statement through their own individual taste in motor cars. Advertising styles quickly developed and evolved, portraying motor cars and fashion, entertainment and exotic holiday destinations – in short, mobility and lifestyles. The motor car had, in a brief period, matured into the single most important commodity for an increasingly sophisticated public.

Vehicle manufacturers did not just sell the public a piece of metal, they offered the driver the freedom to do what had previously only been a dream. As car buyers became more demanding through the use of their car, manufacturers had to recognise what those growing needs were and create a motoring solution for the market that was not only practical, but also attractive. Ford must be credited with creating one of the most significant motoring products in recent time in response to a definite market need. When the Mustang was launched in 1964, a huge amount of market research had been carried out examining the mood of the buyer, and the pay-off for this attentiveness to market trends was an all-time sales record. Other landmark cars that have emerged over the decades include the VW Beetle, Mini, Citroën 2CV, Toyota Corolla and many more, and have all left their mark in our lives somewhere.

The re-evaluation of marketing strategies

Unfortunately no-one saw the oil crisis coming in 1973, and it was the Japanese who found themselves best positioned to take advantage of the need for smaller cars, because quite simply, they did not make any big cars. The American and European manufacturers had to quickly re-evaluate their strategies in order to meet this new demand.

Along the way, many innovative and practical cars have been created, some ahead of their time and some just plain too late. Whichever way you look at it, manufacturing a car is only half the story, as the industry has to successfully market and promote their products to potential buyers to secure that elusive sale. Analysing the factors that motivate buyers to choose one car over another is harder than it sounds, because personal tastes and influences from a variety of sources such as family and peers, all play a part.

In the period between the first and second World Wars, print ads were very artistic, stylish and produced mostly by hand as photography and reproductive processes were not considered sufficiently advanced to do the subject justice and, more importantly, still too expensive. Post-War, ads pushed the technical and performance aspects of the cars as mechanical advancements made during the period of hostilities were sufficiently great to have made cars vastly better and much faster, and so these factors were then communicated to the market. Ads continued to follow trends based on the eras of awareness and in the 1960s the message was performance; 1970s was the energy crisis and therefore smaller cars; 1980s was consumerism and the 1990s-2000s was all about safety, green-ism and recycling.

Each era has brought with it a shift in focus for the advertiser

Each era has brought with it a shift in focus for the advertiser and vehicle marketer. Together with massive technology advances in the media industry, advertising and PR campaigns are a world away from where they were just a few decades ago. Has this 'advance' in technology made it any easier for the manufacturer to sell cars? The answer is both yes and no, because the playing field is the same for all manufacturers. 'Yes' in the sense that artwork and other material can be processed and changed much more quickly than before, and 'No' because the small ad and PR agencies are just as capable as the bigger companies in producing good work, and in theory it is easier for a smaller agency to be more flexible and to change tack at short notice. Just as motor manufacturers have merged and swallowed smaller independent manufacturers, so too have ad agencies become giant international concerns.

This report looks at some of the factors that have influenced, or been influenced by changes in the market; changes in tastes, lifestyle shifts, brand loyalty, economic fluctuations and much more. With the emergence of new markets, cultural values not familiar to the Western world have to be rapidly understood and successfully incorporated into future marketing campaigns.

There is only one thing that is certain in the consumer market – change is constant

The 24/7 way of life that is prevalent in most sectors of life today, will continue to put pressure on the effective delivery of the product message and this will significantly alter the way in which cars are marketed in the future. How the manufacturers and associated creative media agencies respond to this constantly shifting target will make for interesting times ahead. There is really only one thing that is certain in the consumer market – change is constant.

Figure 3: Fiat Stilo Abarth print ad (2005)

With its dazzling wheel arches and sexy contours, the Stilo Abarth was designed to attract attention from the masses. Show them that being stylish isn't tantamount to being shallow and place an upturned copy of *Whale Lovers Weekly* on the front seat.

BE NICE DAY 2001

Save Notting Hill

The Stilo Abarth guide to modern motoring

www.stilostyle.co.uk

Your date might want to take a doggy-glass of her favourite fizz home with her. Wow her as you unveil the Stilo Abarth's dynamic non spring action cup holders.

Since co-ordination is key, the sleek Italian elegance of the Stilo Abarth should be taken into consideration when compiling your wardrobe. Note, there is nothing sleek, Italian or elegant about head to toe check.

FIAT
Get used to the good life
0800 71 7000

Source: Leo Burnett/Fiat UK

In America, there are so many models in the market place, that in order to break through you have got to come up with something memorable. Jim Wangers says, "I've always maintained that in terms of the American domestic manufacturers in this country, the greatest asset they had was their image".

He continues, "But unfortunately in the last decade or so, the American manufacturers have squandered that asset by not marketing, and not building products that are saleable and exciting in today's market place by enjoying, and working hard at enjoying, some of the imaging that they were so successful with 20 and 25 years ago. They are now forced to play the game that the imports have set".

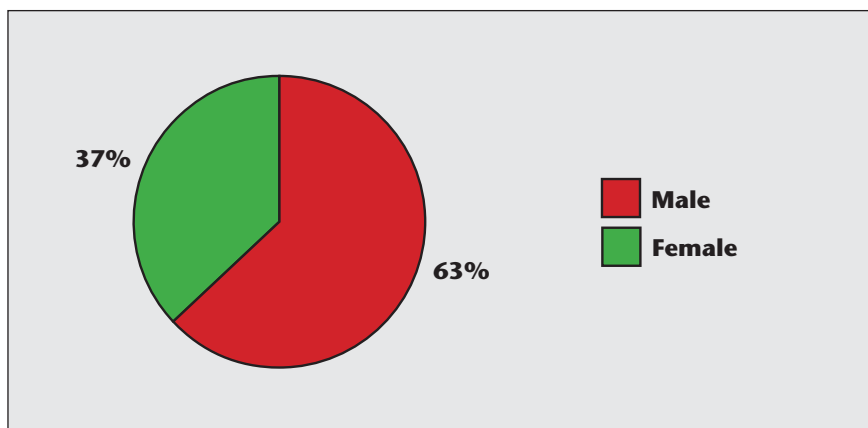
Being forced to play the game according to the rules set by the foreign imports, the American manufacturers have lost the old Ford and Chevrolet image – the old reliable, dependable, low priced, economy oriented but exciting car image. That asset has been lost.

We have moved from the age of deference to the age of reference

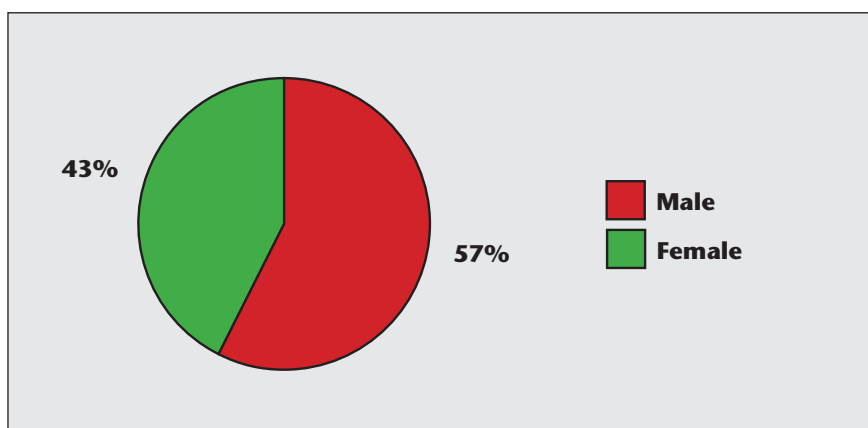
Simon Pearson adds, "We have moved from the age of deference to the age of reference". There was a time when whatever your doctor said was wrong with you, that was it, and you did not argue or have thoughts of your own. Today, if a friend tells you that he had just taken a course of these very good homeopathic pills, you would go out and you buy them, despite what your doctor may have advised. This analogy above illustrates how potential car buyers are more inclined today to discuss and compare notes on various cars with a friend or work colleague, when considering which cars to shortlist. The media too, are playing an increasingly bigger role in this market with the plethora of dedicated magazines on the shelves, as well as television programmes which test drive and analyse most models for the benefit of viewers.

Figure 4: UK full vehicle licence holders: male/female split

1986



2002



Year	Male	Female	Total
1986	16,402,069	9,635,266	26,037,335*
2002	19,481,639	14,446,057	33,927,696*

* total does not include provisional licence holders.

Source: DVLA

The number of female drivers in America increased by 53%

With the increase in the number of female drivers worldwide over the past few decades, it is certainly worth looking at the statistics of this growth segment. However, it remains a difficult market to get to grips with. In 1986, as can be seen from the above table, the number of male drivers was almost double that of female drivers, while the total number of licence holders in the UK has increased by 35% in the past 20 years.

During the period from the mid-1950s to the mid-1960s, the number of female drivers in America increased by 53% while the number of male drivers only grew by 6% over the same period.

Taking all of the above points and arguments into account, it would not be unreasonable to expect that some substantial research had been done on the influence of women drivers in the market, and the factors which motivate their purchase decision. While this can be done fairly easily where the vehicle details are known to the manufacturers, it appears that very little has been done to find out more about the significant number of female drivers of vehicles bought by husbands, fathers (for daughters), boyfriends and others.

The car buying public realised that Japanese products were actually quite good

This market development swung the tide of opinion as more people were forced into smaller cars and all of a sudden the car buying public realised that Japanese products were actually quite good and reliable. This change of heart coincided with a low point in American car production during the 1980s, when their cars were technologically staid, unattractive and bluntly, were lacking in sophistication.

The tide of imports is now flowing so strongly against the American domestic manufacturers, that it is not inconceivable that they have conceded the small car market to the Asian manufacturers. As international motoring journalist Steve Slater puts it, "They're in here now, so is Hyundai, so is Kia, so do we need to go in and compete in that area of the market or are we just going to be haemorrhaging money doing it?"

Putting this into perspective, all the Japanese cars sold in America in 1980 were exported there from Japan. By contrast, in 2003 Japanese manufacturers produced 2.8 million vehicles in America for the North American market, and this figure was expected to increase by 20% in 2004. The market share of Japanese brand vehicles built in the US has increased from 15.3% in 1999, to 18.5% in 2003 and 2004 sales data just released brings this up to 20.6%.

According to JAMA (Japan Automobile Manufacturers' Association), around 59,000 Americans are involved in the design and production of these vehicles, while a further 351,000 Americans are responsible for the distribution and sales of Japanese cars in America. Japanese car makers have invested more than \$26 billion in 20 manufacturing sites around North America, of which some are joint ventures with American manufacturers. For example, the new Ford Mustang is produced through a joint venture with Mazda at Flat Rock, Michigan. The Pontiac Vibe is produced in a joint venture between GM and Toyota at their Fremont, California site and the Chrysler Sebring is produced by Mitsubishi at its Illinois facility.

Source: JAMA

Asian manufacturers are quite often willing to loss-lead into these markets

Factors against the Americans being able to recover that lost ground include material costs, labour costs and labour law. These days, where the car is made is almost academic to build quality, because provided you programme the computer properly and have the right materials going in at one end of the factory, the computer makes the car anyway, it is the final finishing that makes the difference. Robots are not one hundred percent perfect, they have to be overseen by people and it is that attitude that matters. Honda, Toyota and Nissan have all demonstrated that they can breed that attitude into their workforce anywhere, so their expertise and management style is transferable anywhere in the world.

Some of the success of the Asian manufacturers also lies in the fact that they need to generate foreign currency, and so are quite often willing to loss-lead into these markets. So, it may well be that a conscious decision has been made in some American boardrooms that it is not worth while being in that market segment. The danger of that, is once the foreign manufacturer has gained a toe-hold with a small product, they then move in with their whole range. Toyota, Nissan and Honda all recognised that they would not penetrate the upper market segment with their mass-market brand name, and so developed separate ranges. The Lexus (Toyota), Infiniti (Nissan) and Acura (Honda) all made significant inroads into the American market, so much so that the Lexus is now sold in Japan where it had previously not been available.

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