Marketing cars: Change media gear

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Car marketers need to take some risk with their media placement and ensure that new channels are tested, using a 70:20:10 allocation model.

While automotive marketers are accustomed to changing the creative content of their campaigns on a regular basis, there is no automatic driver that encourages the adoption of new media channels. Changing established media allocations is risky; weighing the options requires time, effort and skill. The fear of making the wrong decision in today's economic climate is all too clear.

But avoiding innovation in car marketing carries its own risk. The automotive landscape is fast moving, and those who don't advance with it will be left behind. Automotive marketers need a way to embrace change without being swallowed up by it. Maybe they should follow the lead of the Coca-Cola Company. In its quest to double the size of its business by 2020, Coca-Cola is planning to apportion its marketing spend according to the 70:20:10 investment principle. This will see: 70% spent on low-risk media options, such as TV, outdoor, print, radio and sponsorship; 20% to innovate based on what has worked successfully in the past; and 10% to fund high-risk media content involving new ideas.

This 70:20:10 principle has also worked effectively for Google, which applies 70% of its workforce effort to core business, 20% to adjacent products, and 10% to highly experimental innovation for the long-term.

The application of 70:20:10 can aid media planning, notably in terms of the allocation of resources to growing channels, such as mobile and social media. But it shouldn't be considered a strict formula. The precise allocations are not important, but some fixed proportion of spend should be regularly devoted to marketing innovation. This will encourage experimentation in a disciplined and structured way. By using such a framework, car brands can steer a safe and prosperous middle path while evolving both their media and research budgets.

The 70:20:10 Allocation

70%: The comfort zone

Automotive spend is usually a top three category in all countries globally, covering the established channels such as TV, print (newspapers and magazines), outdoor, radio and, increasingly, online. Some digital elements are now firmly established in the

70% – every car brand now has a website, an online search strategy and runs plenty of online display advertising.

The critical issue for car advertisers is to ensure that the creative content within and across each channel is effective in its ability to engage and motivate the target audience, be it existing owners or key prospects entering the customer journey to purchase.

Since the channels in this zone are well understood, the research challenge here is to identify incremental adjustments, either across media or within an individual channel. Since these campaign elements are taking up a large proportion of the budget, even a small-step improvement can make a big difference to campaign effectiveness – optimising the balance between TV, radio and online video can improve the efficiency of audiovisual delivery. A recent online ad test for an Australian car brand identified two exposures as the optimal frequency level for their campaign, hence saving media investment in unnecessarily high frequency. Another car manufacturer in China was able to identify newspapers and online as the most cost-efficient channels for supplementing TV within their campaign.

But to say that 70% of the budget should fund communications in channels that are considered to be safe, familiar, and effective is not to say that 70% of a media budget should remain static from year to year. Based on ongoing learning from cross-media research and evolving brand objectives, channel mix within the 70% could vary significantly over time and from campaign to campaign.

20%: Innovating around what works

Innovating around media approaches that are known to be effective could include a broad range of options. It could mean taking a small risk, such as increasing your spend on a channel that seemed to work well in your 10% last year, or sponsoring a sporting event, rather than TV sponsorship.

For automotive, social media now falls squarely into the 20% category. Car brands have taken to social media with varying degrees of success, and some still have questions about the return on investment. Premium brands, like BMW, Mercedes, Audi and Porsche, have built up huge Facebook fan bases. Infinity is currently the fastest-growing page with an average of 13,200 new followers each day, while BMW has the most 'liked' page, with over 12 million fans. The launch of the Ford Explorer on Facebook generated more traffic than a Super Bowl ad, while value brand Kia Soul's 'Hamster' commercial got nearly two million Likes on Facebook and almost 20 million hits on YouTube. VW China People's Car Project is an example of social media being used as the hub of a customer-focused multimedia campaign, including TV, online films, online advertising, events, PR coverage, augmented reality, mobile apps, giveaways, guerrilla, outdoor and viral video.

Now social media has achieved genuine scale, the research challenge is to establish ongoing approaches that enable social media elements to be monitored and optimised over time. This requires qualitative understanding and quantitative measurement. It is no longer a race for fans and followers, rather, car brands need to assess whether and how social media activities are delivering against brand-building objectives among these fans.

Kia Soul: its 'Hamster' ad got nearly two million Facebook Likes and almost 20 million hits on YouTube

10%: Into the unknown

The 10% zone is the place where genuine experimentation takes place with new and emerging channels. But this risk-taking should be in line with brand and campaign objectives. For the majority of car brands, mobile falls into the 10% category. The mobile marketing landscape continues to evolve as ownership of smartphones and tablets grows rapidly. But there are dilemmas for car marketers – should they build a mobile app or focus on their mobile website? Make QR codes a central element of their outdoor campaign?

There are innovative examples of car brands pushing the boundaries of technology, such as using augmented reality campaigns and interactive ads on different mobile devices to promote both existing models and future product concepts. VW produced an AR app for the launch of its new Golf Cabriolet, creating an AR showroom app for the iPad, iPhone and Android, allowing participants to explore the vehicle and play with its features.

Starting with the 10% not only ensures that innovation happens, it also ensures that these projects have a chance to play an integral or guiding role in the overall campaign, rather than being seen as afterthoughts. The research challenge here is to identify which of these are just one-offs, and which have longer-term potential; which deserve to be in next year's 20% investment. To really understand how a new channel works, it may be necessary to spend as much on research as on the media itself.

Summary

When assessing how your media budget stacks up against 70:20:10, it is important to consider all the costs involved in a channel. Projects in the 10% zone are likely to be relatively resource-intensive, even if media costs are low. Therefore, to ensure that the 70:20:10 approach is applied comprehensively and fairly across the spectrum of paid, owned, and earned media channels, car brand owners need to weigh all the costs associated with each channel. Marketers need to consider the 70:20:10 channel optimisation every time they plan and implement new marketing campaigns, for example, new model launches, brand campaigns and tactical campaigns.

With large organisations competing on the global stage, experimentation should be spread across brand and model portfolios, and across countries. The best time and place for a particular experiment will clearly depend on the objectives of the campaign and media consumption of the target audience – hence the need for consumer insight.

Car marketers need to consider channel optimisation every time they plan campaigns. Those that adopt a 70:20:10 approach will know that newer channels, such as mobile and social media, will be given a chance to shine alongside the more familiar and trusted media channels. While these channels may be in the 10% now, they are likely to move swiftly into the 20% category, and eventually the 70% category, as they become more familiar and used. Likewise, there are many examples of car brands integrating traditional channels with new media, such as Honda's iPhone app designed to catch the characters as they appear on the TV screen in the 'Unpredictable Life' TV ad, and new CinePrint technology for the new Lexus ES.

The key message for car marketers is to ensure that at least some marketing money is invested in these higher risk areas, to ensure your brands are using all the gears, and not stuck in reverse.

About the Author

Nick Bull is head of automotive at Millward Brown, he prides himself on having strong research design, analytical and problem solving skills to help answer key client questions.
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