

## Launching vehicles in unprecedented times: A 50/30/20 marketing approach

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Marketing & Product Planning  
John Maloney, Vice President, Marketing and Product Planning



Good morning. My name is John Maloney and I am responsible for the US Marketing and Product Planning for Volvo.

As marketers there hasn't been a more challenging time to launch a new vehicle

I'm going to spend a few minutes discussing Volvo's approach to our recent XC60 launch – we took a 50/30/20 approach. More about that later.

## The Challenge

- Launch an all-new crossover, XC60, in the worst industry most of us have ever seen.
- Two German competitors and one Japanese competitor launching either all-new or refreshed vehicles in same segment within 60 days of Volvo intro – all will spend substantially more \$.
- Introduce a 50/30/20 marketing mix for a Challenger brand



City Safety – low-speed auto brake

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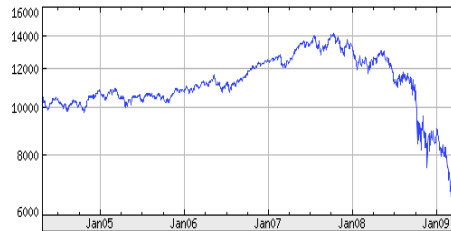
The landscape that we faced was daunting

- Worst industry that most of us had ever seen
- Fierce competitors – Mercedes, Audi and Lexus – all launching all-new or refreshed vehicles in the exact same segment within 60 days of the XC60 launch.
- We did have a few things going for us:
  - A beautiful vehicle
  - A worlds-first innovation – City Safety
  - Clear mindedness that we could not meet the competition head-on from a media spending standpoint

To start, let's spend a few moments on the landscape ...

## Unprecedented Economic Times

- SAAR below 10 million
- Declining Consumer Confidence
- Dow Jones Industrial Average unstable
- Record home foreclosures
- Unemployment on the rise
- Unfavorable US dollar to Swedish Krona relationship
- Volvo future ownership uncertain



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## Competitive Landscape

- **Mercedes** launching **GLK** in January
- **Audi** launching **Q5** in February
- **Lexus** launching **2010 RX350** in February
- **Volvo** launching **XC60** in March
- **We projected that Volvo would be the low spender of this group by a multiple of 2x to 4x**



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### 50/30/20 Marketing Mix for a Challenger brand

- 50% Tried and tested
- 30% New and partially proven
- 20% Experimental

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So, we chose a different marketing mix approach:

50% Tried and Tested initiatives – think traditional media

30% New and Proven initiatives – areas where we had some experience that we felt confident that we could build upon

20% Experimental – New media or activities that were unproven, but interesting

I'm going to focus my comments on the 30% New and Proven and 20% Experimental

## 50/30/20 Marketing Spending

### Four principles for a Challenger Brand

- Activate loyalists and retailers early in the process
- Capitalize on City Safety to generate grass roots PR
- Leverage competitors' launch activities – they'll drive a lot of traffic to the segment so take advantage of it.
- Expand social media initiatives -- Volvo won't be able to outspend the competition in traditional channels.

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We also had several principles that we had strong convictions about:

- 1) We must activate Volvo retailers and loyalists early – these are the easiest audiences to influence
- 2) City Safety is a strong differentiator and is PR worthy
- 3) Use competitors' activities to our advantage
- 4) Experiment with Social media – Volvo is an honest and authentic brand that consumers want to hear from

## Activate Retailers and Loyalists: XC60 Experiential Tour

- Traveling multimedia Exhibit hosted by Dealers
  - Driving Dynamics
  - Design
  - Safety
  - Environment
- Afternoon retailer training session
- VIP unveiling of XC60 for consumers
- City Safety Demonstration for consumers
- Data capture and Retailer follow up



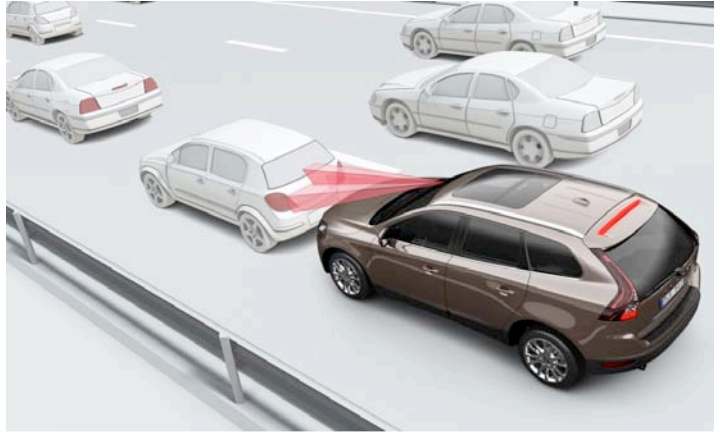
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We took 5 pre-production cars that we received in October and embarked on a tour of key retailers that:

- 1) Trained salespeople during the day
- 2) Facilitated VIP consumer reveals at night including an opportunity to demo City Safety in each retailer's parking lot
- 3) Provide the opportunity for incremental grass roots PR revolving around local City Safety demos

## Local City Safety PR



City Safety – low-speed auto brake

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## XC60 Launch Training: Eliminating a National Event

**need2know Experience | XC60 | MY10**  
on-demand product launch

LOCAL TIME: 02:12 PM

PRELUDE | navigating this Experience

WELCOME | D. Speck | President & CEO, Volvo Cars of North America | 9 MIN

THINK - BUILD - BENEFIT - ADVANTAGE | M. Cottone | T. Hellesheimer | 30 MIN

PRODUCT PRESENTATION | M. Cottone | 26 MIN

DELIVERY | G. Hembrough | 8 MIN

COMPETITIVE COMPARISONS | R. Guerrero | T. Hellesheimer | R. Trandina | 24 MIN

BREAK | XC60 sights, sounds, and commercials

ACTIVITY ONE: PERFORMANCE AND HANDLING | Interactive game | 15 MIN

DRIVING THE XC60 AND CITY SAFETY | R. Guerrero | R. Trandina | 21 MIN

ACTIVITY TWO: SAFETY ZONE | Interactive game | 15 MIN

MARKETING OVERVIEW | From Sweden with Liv | Arnold Advertising | 18 MIN

ACTIVITY THREE: MEET THE CUSTOMER | Interactive game | 15 MIN

WRAP-UP/CLOSING | T. Hellesheimer | 3 MIN

MY WORKBOOK | LEADER'S BOARD

**need2know Experience | XC60 | MY10**  
Brand Manager, XC60, XC70, and V70/V90

**need2know Experience | XC60 | MY10**  
Professional Driver

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**VOLVO**

We supplemented the in-store training preview with a 4 hour on-line, on-demand in depth product training program. This was a very high quality video production. Essentially we eliminated a National launch event. As any one in the industry knows these are multi-million dollar endeavors.


Instead of training just a few key salespeople from each store the audience became much larger. Additionally, retailers were glad to not have to pay to send employees to travel.

Our outlook on new model launches will likely never be the same.

## XC60 Tour Results

<p><b>TOUR</b>          Locations Visited: 137          Attendees: 6,500          City Safety Demos: 3,352          Retailer training: 1,231          Consideration: 64%          Purchase Intent: 51%          Advocacy: 76%</p>	<p><b>CRM</b>          Invitations to owners :520,000          Distributed to retailers:210,000          Emails deployed: 130,000          (39% average open rate)</p>	<p><b>SOCIAL MEDIA</b>          Twitter followers: 1,079          Facebook fans: 1,051          YouTube channel highest watched video: 37,565</p>
<p><b>TRAINING</b>          2,958 successfully completed          +139% from 2007          5,089 City Safety Demos</p>	  <p><b>PRE-LAUNCH WEBSITE</b>          Total site visits: 555,345          Visits City Safety Game: 22,278          Visits request a brochure: 54,152</p>	<p><b>ONLINE MEDIA</b>          836 million impressions delivered          438,764 clicks delivered          1,400 tour registrations          979 "keep me posted" submissions</p>
<p><b>PR</b>          Impressions: 18 million          Reporter visits: Over 100</p>		

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### Some of the results:

- 137 retailers visited representing > 60% of our volume
- 6500 consumers showed up – not easy to turn out consumers at Volvo retailers in the present economic climate
- 5100 City Safety demos
- Over 100 incremental journalists reported on XC60 – beyond the traditional PR launch
- Volvo retailers, some of them multi-franchise rated this as the best launch initiative they had seen.

## Leveraging Competitors' Activities: XC60 conquest initiative

Consumers are targeted and driven to special offers within the site

Page links to creative showing XC60's competitive edge

Build Your Volvo | Find A Volvo Dealer | Request a Volvo Brochure | Volvo Certified Pre Owned | Volvo Owners Info

VOLVO MODELS | VOLVO SALES & SERVICES | ABOUT VOLVO

### THE IMPRESSIVELY EQUIPPED NEW 2010 VOLVO XC60

**The Best Time to Switch to Volvo - \$1,000 Limited Time Special Offer**

Impressively equipped for \$37,200 MSRP

Volvo understands there's more than a better time to save. That's why we're offering current owners of Acura, Audi, BMW, Lexus, or Mercedes models \$1000 off the price of the New 2010 Volvo XC60. Luxury, versatility and value are all inside the impressively-equipped XC60.\*

Please print the offer below and take it to a Volvo retailer near you for great savings on your new Volvo!

[Click here to see the details on why The New 2010 Volvo XC60 stacks up against other crossovers?](#)

\*Customer eligibility requirements must be met for Targeted Conquest Offer. Please see a Volvo retailer for details. Offer available through April 30, 2009 with eligible purchase or lease of a 2010 Volvo XC60 T4.

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We knew the competitors launching new vehicles would spend heavily. Instead of lamenting this we embraced it.

We embarked on very sophisticated Paid Search initiative in an attempt benefit from some of the traffic considering competitors vehicles. I won't go into the specifics of the methodology due to its sensitive nature, but I will show you where consumers would land if they were interested in learning about XC60.

First they would go to this page that offered a \$1000 bonus for owners of select competitive luxury vehicles as well as a interactive vehicle comparator.

## XC60 Competitive Comparison

http://www.volvocars.com/us/models/xc60/Pages/CompareXC60.aspx

[Build Your Volvo](#) | [Find A Volvo Dealer](#) | [Request a Volvo Brochure](#) | [Volvo Certified Pre Owned](#) | [Volvo Owners Info](#)

[VOLVO MODELS](#) ▾ | [VOLVO SALES & SERVICES](#) ▾ | [ABOUT VOLVO](#) ▾

### HOW DOES THE NEW 2010 VOLVO XC60 MEASURE UP TO THE COMPETITION?

**The New 2010 Volvo XC60 surpasses these other vehicles when it comes to:**

- Engine/Horsepower
- Torque

**And the New 2010 Volvo XC60 includes these features as standard with no additional cost:**

- Integrated Bluetooth
- Sirius Satellite Radio for 6 months
- HD radio
- Leather Seats
- USB & AUX Connections
- City Safety
- Limited Panoramic Roof
- Hill Descent Control

**START AGAIN >**

Model	Price
VOLVO XC60 AWD	\$38,025
LEXUS RX350 AWD	\$39,025
AUDI Q5 PREMIUM	\$40,475
MERCEDES-BENZ GLK AWD	\$41,325
BMW X3 AWD	\$41,325

[The New 2010 Volvo XC60](#)

[Build Your XC60](#)

[Features & Equipment](#)

[Accessories](#)

[Specifications](#)

[Gallery](#)

[Offers](#)

[Request Quote](#)

[Test Drive](#)

At Volvo, making sure you receive the right information is important. The prices up above include destination and delivery charges, too. All competitive data, pricing, and product specifications are from listings on individual competitor websites and from www.fueleconomy.gov at the date when this chart was developed. Volvo experts went a long way to make sure this display was 100% accurate, but prices may differ depending on optional equipment selected by you.

**SHOPPING TOOLS**

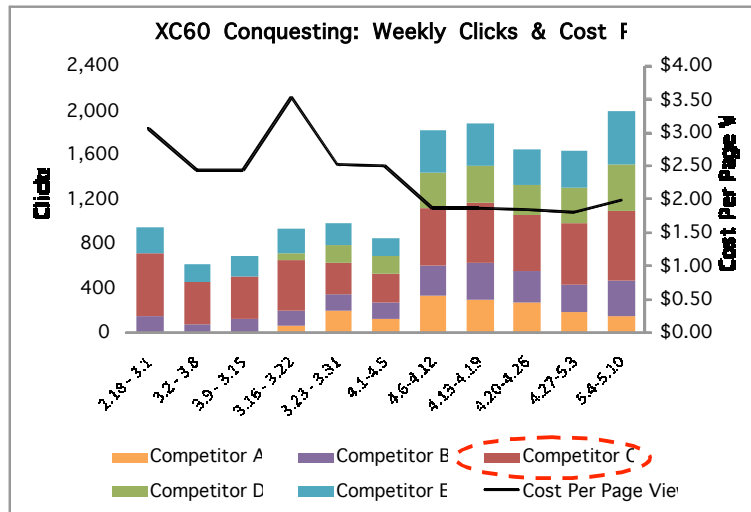
- Compare Volvo Models
- Find a Volvo Dealer
- Build Your Volvo XC60
- Register for Updates
- Download XC60 Brochure
- Read the Latest News from Volvo

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Humbly, we have the best vehicle of the bunch so it was very easy to do a competitive comparison.

Volvo, being the authentic and honest brand that we are, lost a few categories to competitors but won the vast majority as you can see.

## XC60 Conquest Initiative



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Every week we reviewed the results, adjusted search terms and modified our investment levels.

Brand C, which will remain nameless in this forum, is generating almost 1/3 of the traffic from this initiative.

Brand B is showing more traffic as of the last few weeks.

## XC60 Conquesting Results

- Primarily focused on Google for conquesting
- Continually refining and optimizing conquest terms
- Conversion rates:
  - 7% to *Find a Dealer*
  - 16% to Comparator
  - 26% to *Build Your Own Features+Equipment, Accessories and Gallery* pages
- Competitive Comparator is critical for Volvo as a 'Challenger' Brand

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Measurability remains incredibly important. Besides understanding which Brands consumers are considering we can also see their on-line behavior:

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26% to *Build Your Own Features+Equipment, Accessories and Gallery* pages

Competitive Comparator is critical for Volvo as a 'Challenger' Brand

## Experimental: Leveraging City Safety, YouTube and Twitter at the NY Auto Show

The screenshot shows a YouTube channel page for Volvo. At the top, there are navigation tabs for Home, Videos, Channels, and Community, along with a search bar and an Upload button. Below this is a banner for a video titled "Watch the world premiere of the YouTube Symphony Orchestra's 'Internet Symphony' mashup video." with a "Watch Now" button. The main content area features a large image of a gold Volvo XC60. To the right of the car is a tweet from @XC60: "XC60 tweets from the NY Auto Show: In New York today? Stop by & say hi at the New York Intl. Auto Show. Get a closer look at the XC60 & City Safety. 11th & 37th opens @ 11am Wednesday, April 15th, 8:00pm LIVE feed via Twitter. Follow us". Below the car image are buttons for "CLICK TO EXPAND:", "VIDEOS", "PHOTOS", "GAME", "360°", and "XC60 CHANNEL". To the right of the car image is the text "MEET THE NEW 2010 VOLVO XC60 IMPRESSIVELY EQUIPPED FOR \$37,200 MSRP" and the Volvo logo. Below the main content area, there are sections for "Videos being watched right now..." with five video thumbnails, "Featured Videos" with four video thumbnails, and a "Want to customize this homepage?" section with "Sign In or Sign Up now!" buttons. At the bottom, there are promotional banners for "Try YouTube in a new web browser! Download Google Chrome" and "YouTube Symphony Orchestra".

City Safety was a key focal point for XC60

Twitter had been part of our XC60 marketing mix from the beginning

We combined both Twitter and a live City Safety consumer demo opportunity at the NY Auto Show with a very innovative and unique expandable unit on YouTube.

### **Experimental: Leveraging the City Safety, You Tube and Twitter**

- On April 15, Volvo XC60 owned 100% SOV on the You Tube homepage
  - You Tube is the second largest internet search destination and number 1 entertainment site on the Internet.
- Delivered **38,221,741 Impressions** (53% higher than projected)
- 48,621 clicks of engagement on Masthead Unit
- 8.66% interaction rate; industry benchmark is 4.61%
- Close to **17,000 Hours of Brand Engagement**
- All traffic drove to the newly revamped brand channel

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8.66% interaction rate; industry benchmark is 4.61%

Close to **17,000 Hours of Brand Engagement**

All traffic drove to the newly revamped brand channel

## Is the plan working?

- Luxury competitors spending at very high levels as anticipated
- Volvo achieving ambitious internal launch sales targets
- Volvo XC60 achieving highest vehicle gross profit among competitors launching all-new vehicles
- Volvo XC60 achieving quickest days to turn among competitors launching all-new vehicles
- Volvo XC60 attracting youngest buyer among competitors launching all-new vehicles

*Source: JD power PIN data Customers data January 1 to May 5, 2009*

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Thanks for listening.

We'll further refine our 50/30/20 strategy for our next big launch in 2010 – The stunning All-New S60. Here's a sneak preview (advance slide).

## Coming Soon: All-New Volvo S60



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