

Touareg Launch

Agency: DDB New Zealand
Advertiser: Volkswagen
Awards: Consumer Durables (Silver and Bronze)

Marketing Challenge

It was a big task for Volkswagen. It had successfully built a powerful position in New Zealand as a small-car specialist with understated Euro-styling in the under \$50,000 segment.

New car buyers had bought into this image of Volkswagen during the 1990's starting with their fond memories of the Beetle and moving onto the cost-competitive Polo and Golf.

During the past decade Volkswagen has successfully developed a sub-prestige category positioning itself midway between full-prestige brands like BMW or Mercedes-Benz and the more mass-market brands like Toyota and Ford.

But now Volkswagen had to change tack and build a position for a new vehicle, the Touareg, in a very different category: prestige SUV's.

Unlike Volkswagen's Polo and Golf, the Touareg would be a large-engine, prestige SUV priced in the \$90,000-\$180,000 range. Touareg's competitors would be other prestige SUV's in exactly the same price bracket: Mercedes ML, BMW X5, Lexus RX330, Range Rover, and Volvo VC70. Most of these brands had been established in the prestige SUV category for two to three years each, if not longer.

Volkswagen wanted Touareg to be an immediate hit. The sales target was 200 units in the first year

similar to the sales achieved by established prestige-SUV rivals like Lexus, Mercedes and Range Rover.

These competitors had all migrated into the prestige SUV market on the back of much more appropriate brand perceptions than Volkswagen had. Mercedes, BMW, and Lexus were all able to migrate into the prestige SUV category because they had the following characteristics before they entered the category:

- Established prestige brands
- Long history of making large, powerful cars
- Reputation for engineering excellence

For these brands, the extension into the SUV category was a small shift.

For Volkswagen, the brand perception leap was huge.

There was also a longer-term and more important challenge at stake in this launch for the Volkswagen brand. Touareg was designed to be part of a major turning point for the Volkswagen brand a push into the prestige category with new upmarket models under the Volkswagen brand.

The Perception Gap for Volkswagen in this category

Unlike its prestige competitors Volkswagen's brand had significant perception gaps to overcome before it could be considered seriously in the prestige SUV category: (See [Table 1.](#))

Touareg advantages that could be exploited

- On the other hand, there were three in-built advantages in the new Touareg that could be promoted to gain credibility in the category:
- 10-cylinder diesel engine the most powerful and high-acceleration diesel engine ever made for the passenger car market.
- Adjustable-on-command air suspension enabling the vehicle to be lifted up in real-time when driving over more difficult terrain like rocks and rivers.
- '4Motion' traction system and automatic diff-locking technology which allows the vehicle to traverse terrain that would challenge most other SUV's.

Campaign Objectives

The primary objective was to sell 200 Touaregs in the first 12 months after its New Zealand launch (from July 2003 to June 2004) by:

- Making existing and potential prestige SUV buyers strongly aware of the Touareg as an exciting new entrant into the prestige SUV market.
- Positioning the brand as a credible and attractive new competitor in the prestige SUV category.
- Enticing target prospects to see and test-drive the Touareg. This last element was crucial because the advanced luxury and technology-features of the vehicle would be a significant and pleasant surprise for prospects.

Target Audience

Based on research conducted by Research International (RI Customer Study Q1 2003), the target audience was narrowed down to: 'the new generation

of entrepreneurs and self-employed' a sub-set of all high-socio-economic consumers.

The 'new generation of entrepreneurs and self-employed' were seen as the best target for the Touareg because they:

- Are owners of small-to-medium businesses - not generally corporate executives.
- Are young to middle-aged (30-49 years) younger than most top corporate executives.
- Are passionate risk-takers, visionaries, adventurers - in business and in their leisure pursuits.
- See themselves as non-conformist and successful because of their challenge to convention.
- Like brands that project success, but in a humorous convention-challenging manner - not the traditional, conservative symbols adopted by the older, more serious corporate world.
- Like vehicle brands that project their own attitude to life a symbol of both non-traditional success and personal freedom. SUV's deliver these attributes to these segments because of the individualist, outdoor-adventure imagery associated with them.
- Want an SUV that is both luxurious around town for their business life (like a prestige saloon would be) AND a powerful off-road performer for their leisure pursuits.

Key insights about this sub-segment of high-socio economic consumers were:

- They see current prestige SUV brands (Mercedes, BMW, Range Rover) as overly conventional and 'obvious' success-badge-brands not 'maverick' enough.
- They would be very attracted to a prestige SUV brand that identifies with their convention-challenging attitude.
- they want to be pleasantly surprised. They are looking for 'something a bit different' within the prestige SUV segment
- They would therefore be ideal targets for Volkswagen given its historical brand identity as a fun-orientated convention-challenger.

Creative Strategy

Based on the insights about the target audience and the perception gap for the Volkswagen brand, the campaign theme was arrived at: 'SURPRISE'

- The idea of a prestige-level Volkswagen vehicle would come as a surprise to our prospects.
- They would be surprised by the luxury, power, and value offered by the Touareg.
- They would be surprised by the three world-beating technology features of the Touareg:
 - 10-cylinder diesel engine the most powerful SUV diesel engine ever
 - Adjustable-on-command air suspension
 - '4Motion' traction system
 - They would be surprised by the humorous, convention-challenging brand attitude of the Volkswagen overall and the new Touareg.

The creative expression of this 'Surprise' was focused on the consumer-benefit of owning and driving a Touareg:

'Surprise Nature: The Touareg allows you to reach places never reached by other luxury SUV's'

The core brand executions show a Touareg owner who has driven to a place not previously reached by any humans. The animals in this place are caught doing things that they do not normally do in front of people e.g. possums playing cards, rabbits playing rugby. The Touareg owner has 'surprised nature'.

In turn, the owner is surprised by:

- The 'wacky' activities they find the animals doing.
- The fact their Touareg has taken them so far 'off-road' that they have reached a place no other SUV has ever been before.
- The impact of the world-beating technology which has allowed their Touareg to reach so far into 'nature' each advertisement promotes one of the three key Touareg technology advantages.

This creative expression allowed DDB New Zealand to:

- Position Touareg as a powerful prestige SUV with a sense of humour that appeals to convention-challenging entrepreneurs.
- Differentiate the Touareg brand attitude from the overly serious, chest-beating images promoted by Mercedes and BMW SUV advertising.

Other Communication Programmes

Besides these advertisements, the other major campaign element was a test-drive kit:

- Designed for Dealers to create test-drive leads from their customer database.

This kit was also designed based on the 'Surprise Nature' theme. It was a 'Yeti Kit' designed to be used by the first person that discovers the Yeti. As with the magazine advertising, the implication is that the Touareg will enable drivers to go to places no humans have ever been before and allow you to be the first person to discover the home of the never-seen-before Yeti. The kit includes a camera for Yeti photos and a prepared public relations release on how the driver discovered the Yeti. The kit was accompanied by an invitation to a Yeti-finding adventure with the Dealer to a hard-to-reach place where a picnic would be held for the prospect.

Media Strategy

The media target was:

- Males
- Personal income of \$80,000+
- Self-employed or business owners

Magazines and newspapers which would appeal to the target market were selected.

A small number of billboards in the major metropolitan areas to ensure the vehicle was seen to have a presence on New Zealand roads.

Television was also used in the campaign. It was targeted at the same demographic.

Campaign Roll-Out

1. Pre-Launch Teaser Campaign (Prior to Vehicle Availability)
 - January 2003: Sponsorship of Michael Palin's 'Journeys' TV series with five-second spots at the beginning of the programme with the message 'Touareg is coming soon'
 - March-May 2003: Launch to dealers and the Motoring media
2. Launch Campaign (Vehicle Available for Sale)
 - July-December 2003: 'Surprise Nature' magazine and billboard campaign
 - July-August 2003: Direct Mail from Dealers to prospects inviting them to a test-drive ('Yeti Kit')
 - September-October 2003: limited television media (international commercial) to provide support for the 'Surprise Nature' campaign
 - November 2003: Award-recognition advertising showing the possums celebrating the Touareg winning the 'SUV of the Year' award

Media

The following publications were selected with the following rationales for each one:

- Cuisine higher-quality prestige environment, high income males and females
- Metro/Unlimited/Espy entrepreneurial skew in readership
- NBR - business audience, higher frequency enables a story to be told with different executions
- North & South - reaches provincial high-income business-owners and entrepreneurs
- Urbis high-quality, prestige environment, projects design quality/innovation
- Boating NZ/Fish & Game reaches high-income outdoor-oriented audience
- Main metropolitan newspapers reaches high-income business-owners (half-page placements)

Billboards

Television

Total Media Expenditure

- Under \$500,000

Results

Given the perception gap Touareg started with before it was launched the results are startling.

The Touareg exceeded its sales objectives by 33% achieving 267 sales in its first 12 months, against the target of 200.

Touareg has become the No.2 brand in the prestige SUV category with a 26% market share in the past year, just below BMW X5's leading share of 29% (See [Figure 1.](#))

Touareg has outperformed established prestige SUV rivals like Mercedes, Range Rover, and Lexus.

The sales have remained consistent. In each quarter period during the past year, Touareg has been either the No.1 or No.2 category performer with the exception of Oct-Dec 03. (See [Figure 2.](#))

The unit sales for the prestige SUV category (shown in the table below) also indicate the Touareg launch grew the category.

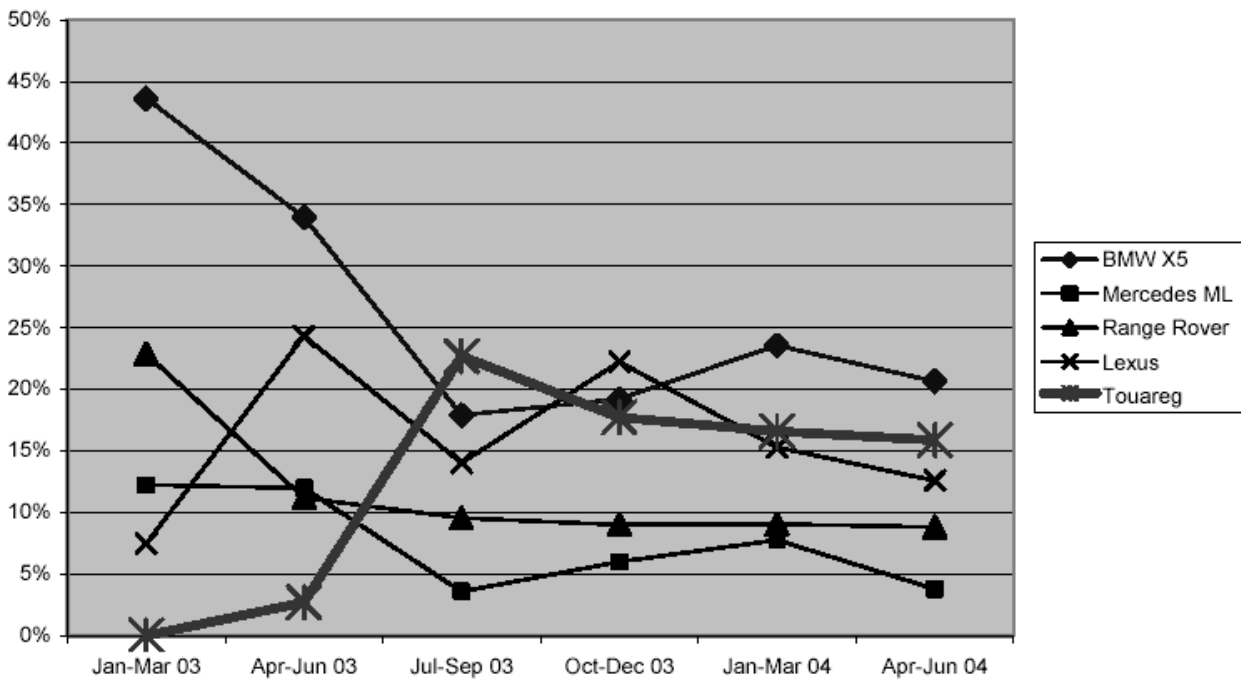
The category grew substantially in the first quarter after the Touareg launch by about the number of units Touareg sold in that quarter. This increased market size has remained in every quarter since: see [Table 2.](#)

NOTES & EXHIBITS

TABLE 1

| | |
|--|---|
| Mandatory perceptions for prestige SUV Brands | Volkswagen perceptions prior to Touareg launch |
| A prestige badge. Anyone paying \$90,000-\$180,000 for an SUV expects it to be from a prestige maker like Mercedes, BMW or Range Rover. | Volkswagen strongly positioned as a "sub-prestige" marque – midway between mass-market Japanese brands and the prestige European marques. |

FIGURE 2: TOUAREG MARKET SHARE OF PRESTIGE SUV CATEGORY



Source: LTSA Registration Data for New Vehicles

TABLE 2

| | Jan-Mar 03 | Apr-Jun 03 | Jul-Sep 03 | Oct-Dec 03 | Jan-Mar 04 | Apr-Jun 04 |
|--|------------|------------|------------|------------|------------|------------|
| BMW X5 | 82 | 88 | 60 | 64 | 91 | 82 |
| Mercedes ML | 23 | 31 | 12 | 20 | 30 | 15 |
| Range Rover | 43 | 29 | 32 | 30 | 35 | 35 |
| Lexus | 14 | 63 | 47 | 74 | 59 | 50 |
| Touareg | 0 | 7 | 76 | 59 | 64 | 63 |
| Total prestige SUV sales (all brands in this category) | 188 | 259 | 335 | 333 | 386 | 397 |

Source: LTSA Registration Data for New Vehicles

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