

Cassies 2007 Cases

Brand/Case: Lexus LS460 – Moments

Winner: Off to a Good Start—Bronze

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Crossover Notes: All winning cases contain lessons that cross over from one case to another. David Rutherford has been identifying these as Crossover Notes since Cassies 1997. The full set for Cassies 2007 can be downloaded from the Case Library section at www.cassies.ca

- Crossover Note 1.** What a Brand Stands For.
- Crossover Note 2.** Brand Truths.
- Crossover Note 7.** Fighting for the Same High Ground.
- Crossover Note 11.** The Eureka Insight.

To see creative, go to the Case Library Index and click on the additional links beside the case.

EXECUTIVE SUMMARY

Business Results Period (Consecutive Months): January 2007 to June 2007
Start of Advertising/Communication Effort: Jan. 2006 (brand) and Oct. 2006 (LS460)
Base Period for Comparison: January 2005 to December 2006

The Lexus LS was introduced as the flagship when the Lexus brand came to North America in 1991. It was re-launched once in 1999 (in automotive parlance, a vehicle is “re-launched” when it is substantially redesigned). A model re-launch does not sneak up on you – typically there are running prototypes a year in advance and work on the marketing launch will start prior to that.

For Lexus LS460 the re-launch had a comprehensive and complex plan, with advertising that re-positioned the brand beginning a year in advance of the product launch. The launch program had three phases 1) Brand re-positioning/brand philosophy; 2) Design philosophy/pre-launch; 3) The LS460 launch.

The challenge was to address deficits that Lexus had versus BMW and Mercedes. It enjoyed a very high perception for quality, but it was seen as conservative and dull.
Crossover Note 1.

The challenge was obviously met. Sales of the Lexus LS460 were +501.8% for January to June 2007, in a segment that grew 10.4%. Lexus’s segment share increased from 4.6% to 24.9% during the period – almost all of it coming directly from BMW and Mercedes.

SITUATION ANALYSIS

a) Overall Assessment

Lexus had the goal to be the #1 luxury car brand in Canada – an aggressive goal given their market position at #5 in 2005 (behind BMW, Mercedes, Volvo, and Acura). BMW and Mercedes were the key competitors. However, as noted above, the Lexus LS, though high quality, was seen as conservative and dull. This obviously had to be fixed.

b) Resulting Business Objectives

- For the LS460 to become the #1 model in the segment in the first year after launch. This would require tripling sales, and exceeding the historical high for this model by a significant margin.
- For Lexus to improve “for someone like me.” scores in Millward Brown tracking

c) Budget Range/Share of Voice

Although the LS460 comprises a small percentage of total Lexus sales it represents the pinnacle of the Lexus brand and communication budgets take this into account, as they do for the BMW 7-Series and Mercedes S-Class. **Crossover Note 7.**

The objective was for the LS460 to have the #1 SOV in the segment, at the minimum investment level.

STRATEGY AND INSIGHT

We looked at the lives of consumers who buy high-end luxury products. Historically, they have expected “excess” for their money—quality, style, exclusivity, innovation, and status. But luxury consumers were changing their expectations from luxury products.

Increasingly, the new luxury is time. Research by AMEX on the vacation habits of the top 1% of income earners gave a clue – they would spend on superior accommodation and restaurants, but they would not spend on a first-class air-fare. The best experiences are brief, shining moments – a golf trip to Hilton Head and a perfect par 5; a sunrise in Tuscany with a cup of espresso. Luxury is becoming more internal and less external.

For Lexus, we could promise a more unique and memorable experience (with less focus on the known attributes of Lexus – high quality and excellent luxury). **Crossover Note 2.**

Our strategy was that Lexus will deliver more perfect moments than any other car company. **Crossover Note 11.** This can be manifested differently for different vehicles in the lineup – a sports sedan would have a more vibrant focus, while a luxury car would focus more on lifestyle.

CREATIVE EXECUTION

The launch program for the LS460 is divided into three parts: Phase 1 – Brand Philosophy; Phase 2 – Design Philosophy; and Phase 3 – LS460 launch.

Phase 1:

This began in October 05, a year in advance of the LS460 launch, with the brand campaign “Moments.” While the creative for this part of the campaign was not focused on product, there was a vehicle at the end of the commercial (though at 12 months prior to launch it was not the LS model—it was the GS430). The first advertising for the new LS460 came 6 months prior to launch when the “Moments” television creative was revised to show the new vehicle. There were two reasons for this timing: 1 – shoppers in this segment typically begin putting together an informal list of candidate vehicles 6 months prior to shopping, and 2 – there were no next generation LS460s available for marketing use in North America until 6 months prior to launch.

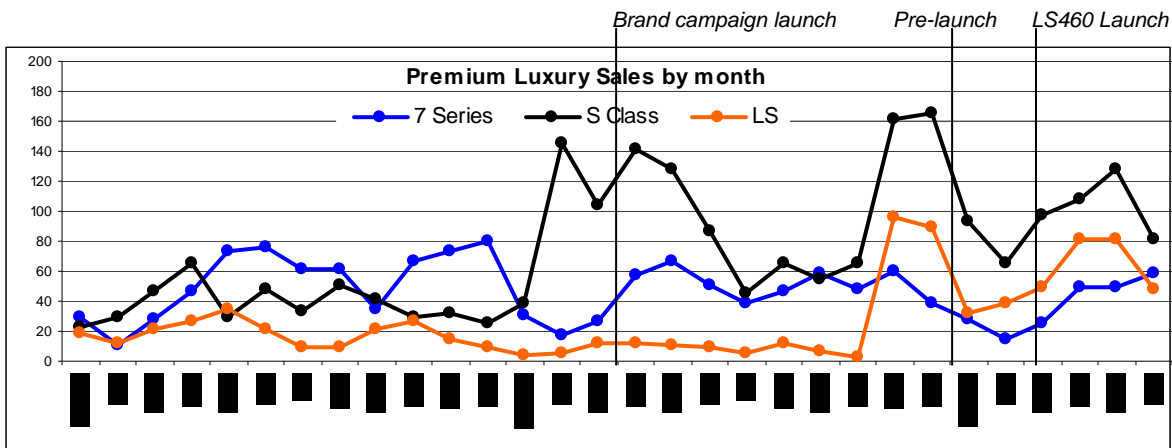
The “Moments” creative focused on the emotional benefit of true luxury – personal time and memorable experience.

Phase 2:

Once the “Moments” creative had been revised to preview the new LS460 we began a campaign phase where we discussed the new Lexus design philosophy and how it affects our vehicles. This was an opportunity to show what the new LS460 would be, without focusing on specific features and benefits. It was our opportunity to engage potential consumers and show them how the new Lexus would be relevant to their lifestyle and needs.

BUSINESS RESULTS

We saw an immediate turnaround in sales. Monthly sales reached the highest level in history and moved the LS460 ahead of the BMW 7-Series (part 1 of our long-term goal). Part 2 of our long-term goal will be to surpass Mercedes S-Class sales, achieving #1 sales status in the segment, which will be the source of next year's CASSIES entry.



Note: the sales drop in Jan–Feb 07 was because the initial demand caused an inventory problem

CAUSE & EFFECT BETWEEN ADVERTISING AND RESULTS

Millward Brown tracking (conducted on-line with 36,000 respondents per year) assesses interest in key brands, exposure to and understanding of messaging, and opinions of each brand and vehicle.

A key measure of brand relevance is their answer to the question “for someone like you?” Lexus’s score jumped from 32 in 2005 to 43 at the end of 2006, indicating that the pre-launch and launch advertising had moved consumer perception of the brand and vehicle.

Millward Brown 2005 Tracking

	Cadillac	Saab	Lincoln	Jaguar	Volvo	Mercedes	BMW	Audi	Acura	Infiniti	Lexus	Avg
Base: Total Segment	(74) %	(61) %	(71) %	(74) %	(73) %	(77) %	(78) %	(74) %	(74) %	(68) %	(74) %	(73) %
Good reputation	33	23	21	26	47	64	67	42	51	34	54	42
Attractive styling	36	19	13	45	16	58	70	44	47	45	45	40
Luxurious	61	17	53	68	26	76	69	43	32	44	59	50
Modern & contemporary	32	22	14	31	23	50	61	43	48	46	47	38
Have complete confidence	27	10	13	23	32	55	53	28	37	24	43	31
High quality	37	22	29	39	28	66	57	42	46	42	58	42
For someone like you	28	11	16	21	15	45	61	36	38	26	32	30
Comfortable ride	51	21	50	46	28	59	57	36	33	37	47	42
Fun to drive	28	16	10	26	7	47	63	38	38	35	31	31
Innovative	19	14	9	14	22	41	53	40	46	27	30	29
Good safety protection	35	38	32	20	63	52	51	30	30	25	39	38
Good for families	34	24	31	11	43	36	31	21	28	16	36	28
Good value for money	14	14	7	4	25	24	29	19	43	27	30	21
Care about customers	22	10	13	19	24	34	38	26	34	19	34	25
Affordably priced	8	15	11	3	18	10	18	14	48	25	18	17
High ownership satisfaction	24	14	19	18	26	52	59	29	48	32	51	34
Average	31	18	21	26	28	48	52	33	40	32	41	

Performance Indicators @90% C.L. Low Average High

Millward Brown 2006 Tracking

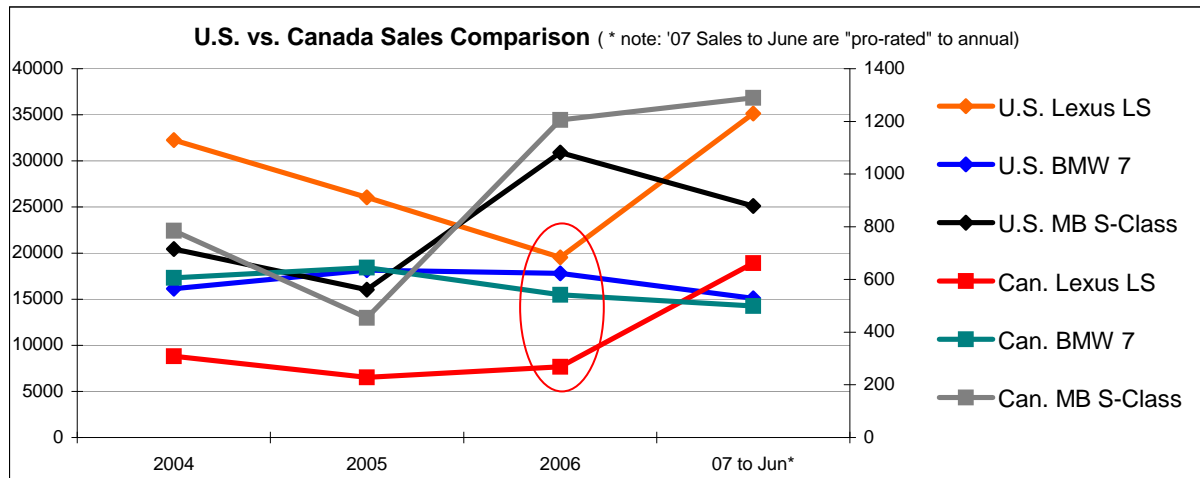
	Cadillac	Saab	Lincoln	Jaguar	Volvo	Mercedes	BMW	Audi	Acura	Infiniti	Lexus	Avg
Base: Aware of brand	(63) %	(54) %	(59) %	(62) %	(63) %	(63) %	(64) %	(61) %	(62) %	(60) %	(61) %	(61) %
Good reputation	29	22	22	36	54	63	60	52	47	49	51	44
Attractive styling	31	25	10	38	27	53	63	43	36	31	38	36
Modern & contemporary	34	15	14	26	29	43	51	49	40	33	40	34
Have complete confidence	20	15	8	13	34	56	51	40	31	32	48	32
High quality	33	24	30	45	47	70	65	46	37	44	51	45
For someone like you	18	13	9	23	27	49	58	42	32	31	43	31
Comfortable ride	50	16	42	33	37	58	41	34	20	31	38	36
Fun to drive	33	22	18	31	22	58	58	47	30	31	38	35
Innovative	21	18	9	19	25	44	47	36	29	28	35	28
Good safety protection	25	25	24	23	66	45	34	37	30	20	31	33
Good for families	29	20	26	18	48	33	28	22	24	27	31	28
Good value for money	13	18	11	11	29	26	34	24	37	35	23	24
Care about customers	24	14	18	21	26	39	36	22	24	23	26	25
Affordably priced	13	17	14	3	19	5	9	11	32	23	10	14
High ownership satisfaction	27	18	15	20	34	53	52	29	40	30	42	33
Have great performance	24	21	6	31	26	57	57	43	28	32	40	33
Good fuel economy	7	6	5	4	19	8	21	21	35	15	23	15
Make proud to own	23	17	13	31	30	60	61	44	24	30	40	34
Average	25	18	16	24	33	46	46	36	32	30	36	

Performance Indicators @90% C.L. Low Average High

U.S. vs. Canada Sales Comparison are also revealing.

The chart shows a comparison of U.S. versus Canada sales for the 3 key competitors in the Premium Luxury segment (2007 sales use data to June and have been pro-rated to show a full year so the chart reads easier).

Note how the strength of the 2006 pre-launch phase for the LS460 in Canada (circled) prevented the serious decline in 2006 sales that the U.S. experienced. We believe this shows the strength of the communication program employed in Canada.



INTRODUCTION TO CROSSOVER NOTES — CASSIES 2007

[For Lexus LS460]

Each year I update these Crossover Notes. If you've read this cover note before, you can skip it. If not, it's worth a quick read.

My career started with a seven year sentence in brand management at Procter & Gamble. Then I clambered up the ladder at O&M, becoming President and later Vice Chairman, all of this in Toronto. Then I set up as a consultant.

P&G and O&M were passionate about "lessons learned" from advertising effort, and so was I. All the Cassies cases have great lessons in them, though at the pace we work today these lessons are not necessarily easy to find.

I was thinking about this as I was editing Cassies 1997, and I had the idea for Crossover Notes. They started as bite-sized footnotes pointing out lessons that "cross over" from one case to another. Then, as time had gone by, they've evolved to what we have today.

You can use Crossover Notes in two ways. Although they weren't designed as a crash course in advertising, they are worth reading as a whole. You can also dip into them selectively. The headings on the next page will help you choose.

I've tried to be even-handed on controversial issues, but here and there you will sense my point of view. For this I thank the Cassies for not editing their Editor.

We now have close to 200 published cases. And I hope I've helped pass some of the learning on.

David Rutherford

Toronto: January 2008.

For more on brand-building see *Excellence in Brand Communication*—by leading Canadians from across the marketing and advertising spectrum. See also *Vulcans. Earthlings and Marketing ROI*, commissioned by the ICA, and published by Wilfrid Laurier University Press.

See www.ica.adbeast.com.

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The Notes for this case are marked ✓ and come next.

Note: Cassies uses “advertising” in its broad sense. It not only stands for advertising through the main media of broadcast, print, out of home etc. Where appropriate, it also stands for Direct Marketing, PR, Interactive Marketing, Buzz Marketing, Event Marketing, Product Placement etc.

LEXUS LS460 CROSSOVER NOTES FOR CASSIES 2007

1. **What a Brand Stands For.** People in real life hardly give the deeper meaning of brands a second thought. They know that some appeal more than others. They may have a sense that brands jostle for their attention. But that's about it. They certainly don't agonize over the *essence* of this, or the *brand truth* of that.

That said, branding goes deeper than we in marketing may realize. Before marketing was even thought of, branding was part of life. Everything from national flags, to coinage, to the uniforms of soldiers, boy scouts and Supreme Court judges, to the plumage on peacocks (human and otherwise), is a form of branding. Business had an early example in the 1800s when Harley Procter of P&G heard a pastor quote a biblical text about ivory palaces. Goodbye Procter & Gamble White Soap. Hello Ivory. More recently, Tom Peters published *A Brand Called You*. And Tony Blair tried to re-brand the UK as "Cool Britannia."

A brand, in the fullest sense, is hard to define. Dictionary definitions tend to focus on the trademark aspect, and yes, branding does involve some sort of identifying mark. But this misses the point. What makes a brand valuable?

*The answer is The Advantage of Belief.*¹ Charles Revson of Revlon famously said, "In the factory we make cosmetics. In the store we sell hope." In other words, a brand is not a product; it's what people *believe* about a product. These beliefs can be immensely powerful. The most astonishing is the placebo effect. In clinical trials, many patients respond to the "sugar pill," even when they have serious diseases. We see the same thing with blind and identified product tests. With a strong brand, the preference jumps. (See *What's in a Name* by John Philip Jones.) And when the Advantage of Belief takes hold, it leads to a long list of benefits:

- | | |
|-----------------------------------|---|
| a) Customer loyalty | e) Facilitating brand extensions |
| b) Higher price | f) Withstanding competitive attack |
| c) Higher cash flows | g) Motivating staff and attracting new talent |
| d) Higher long-term profitability | h) Potentially augmenting the stock price |

This doesn't, of course, answer the question, "how do you build these beliefs?" There are widely varying notions, but most people agree on the basic principles: (1) stake out what the brand can and should stand for (2) stick with this over time (3) evolve to account for lessons learned and market changes.²

This can't be done by empty promises. We have to assess what consumers want against what the product delivers—and tell the story better than competitors do. We have a melting pot of perceptions and reality to work with. All the "brand" ideas are there to help—Brand Image, Equity, Personality, Character, Essence, Relationship, Footprint, Truth, Soul, Identity, and so on—along with old faithfuls like Positioning, Focus of Sale, USP, Features, Attributes, Benefits and Values. Whatever the terminology, though, the brand has to stand for something relevant and different in the consumer's mind. See also *Crossover Note 26*.

¹ This is a phrase of mine, though the idea that a brand is "more" has been described by many authors.

² How do you do this? See *Excellence in Brand Communication*: www.ica.adbeast.com

- 2. Brand Truths.** Successful advertising (in fact all successful communication) resonates with its audience. As a marketer, you may want people to believe that you have the best-tasting coffee, but simply saying, “I have the best-tasting coffee” will not usually get the resonance you need. One school of thought believes in saying the obvious as loudly and even as crassly as you can. We could call it the Bad Boy syndrome. Another has led to the idea of Brand Truths. These operate on a deeper level than simple claims. One of the top UK agencies described the process as “we interrogate the product until it confesses its strength.”

I was once the Brand Manager on Tide, and when we were asked, “What does Tide stand for” we said, “Superior cleaning. Not whitening. Not Brightening. Not Fabric Care. Superior *cleaning*.”³

Superior cleaning was the religion on Tide, and Tide delivered, despite the cliché that all detergents are alike. But this was only a glimmer of the Brand Truth. If you “interrogated” Tide the most startling truth was the *intense belief* of Tide users. This came to life in the immensely successful “Two for One Swap” campaign. Hidden cameras watched as women who had just bought Tide were offered two boxes of another good detergent in exchange. They adamantly refused, delivering off-the-cuff endorsements that no copywriter could ever have written. The campaign ran for years, and only came to an end because of its success—women knew it so well that the “candid camera” interview became impossible. Many Brand Truths are also insights, and for a list see [11. The Eureka Insight](#) and [12. Changing the Goalposts](#).

- 7. Fighting for the Same High Ground.** Some people believe that a brand should not fight for high ground already held by a competitor. It comes out as “our positioning has to be unique.” How can this be wrong? Consider Dove in Cassies III. Lever wanted to preempt the arrival of P&G’s Oil of Olay bar from the US, and decided to kick-start Dove sales via new advertising. Dove had a spectacular, though unused, litmus demonstration. Dove is not a soap, and does not affect the colour of litmus paper. With soaps—including Ivory—the paper turns an ugly blue. But Dove had built its business on “Dove won’t dry your skin the way soap can” and the litmus test was essentially a mildness demonstration. Worse, Ivory owned mildness. Heavy hitters in client/agency international management predicted disaster if Dove used the litmus test. But local management did it anyway. At the start of the case, Dove and Ivory had the same dollar share. Four years later Dove’s dollar sales were up 73%, and Ivory had dropped to half of Dove’s dollar share.

And how do you decide whether to attack or not? On winnability. Yes, Ivory held the mildness position, but with “litmus” Dove had superb ammunition for attack.

The key is how you think about distinctiveness. It does *not* have to come from functional positioning. Consider Duracell and Energizer. Duracell was the first to stake out “lasts longer,” and Energizer (afraid to attack the high ground) languished in other positioning territory for years. Eventually they decided to attack, and the Energizer Bunny has been going and going ever since. Both brands have the high ground positioning of “lasts longer”. They get their distinctiveness from execution.

³ P&G defined “what the brand stands for” by a document they called the Creative Strategy. In those days, if anyone dreamt that the Tide Creative Strategy should include whitening, brightening etc. it was seen as an offence against all that was holy. Since then, P&G has changed its views, and now takes a broader view—as recent Tide advertising for fabric care and Tide-with-Febreze attest.

One last variation on this theme. Sunlight wanted to attack Tide on cleaning, but decided that a frontal assault would fail. They still attacked, re-defining “clean” as the joy of getting dirty. This brilliant insight helped them win the Grand Prix in Cassies 99.

I’m not saying you should always attack a competitor on the high ground. There are many Cassies successes based on side-stepping or re-defining the high ground. Cottonelle, Desjardins, Gaz Metro and Réno Dépôt did this in Cassies 2004. Cruisin’ to Win, Crescendo, Whiskas, Twix, Moores and Lotto 6/49 did it in Cassies 2005. Even so, I think the high ground is still one of the first places you should look.

11. The Eureka Insight. These feature in many cases. Some examples:

- Oh Henry! Gut-fillers had tried to own hunger. Cassies II and *Crossover Note 7*.
- Buckley's. Rather than side-step their bad taste, Buckley's relished it. Cassies III.
- Chrysler. Used *emotion* as the key to an immensely successful launch. Cassies III.
- Philadelphia Cream Cheese. Creating "permission to indulge." Cassies III.
- Richmond Savings. Creating the "Humungous Bank." Cassies III.
- Eggs. (See also *12. Changing the Goalposts*.) Farmers brought “natural” to life.
- Sunlight. Getting dirty is fun. This is diametrically opposed to the conventional wisdom, dominated by Tide, that clean is good and dirt is bad. Cassies 99.
- Fido in Cassies 99. In an echo of Apple vs. IBM, Fido saw that consumers needed the human touch. See also Clearnet and “the future is friendly” in Cassies 2001.
- Diet Pepsi in Cassies 2002. The “forever young” campaign.
- Listerine in Cassies 2002. Healthy gums, after a century of bad breath.
- Pro•Line in Cassies 2002. Appealed to non-experts with “Anyone can win.”
- Aero. Saw the power of “melting” in Cassies 2003.
- Super 7. Ignored the political correctness of being tasteful. Cassies 2003.
- Quebec Milk. Saw the obvious. Asked people to drink more. Cassies 2004 and 2005.
- Toyota Sienna. Realized that the answer lay not in what SUV buyers do. Cassies 2004.
- Irving's Cruisin' to Win. Saw the power of *small* prizes. Cassies 2005.
- Crescendo. Like Oh Henry! saw unoccupied high ground. Cassies 2005.
- Butter. Saw a way to use “natural” to connote taste and health. Cassies 2005.
- Anti-Smoking. Saw the power of “Stupid.” Cassies 2005.
- Jergens Ultra Care. Saw a way to reposition skin. Cassies 2005.
- Whiskas. Saw things from the *cat's* point of view. Cassies 2005.
- Moores. Used the fact that their target audience hates shopping. Cassies 2005.
- Harvey's. Realized the significance of The Grill. Cassies 2005
- Quebec Lotto 6/49. Realized that 6/49 winners are generous, so be nice to them.
- United Way. Saw power in the Hand icon. Cassies 2005
- CIBC Run for the Cure. Saw the power in the Pinnie idea. Cassies 2005
- Juicy Fruit. Saw how to build a new image by destroying the old one. Cassies 2005
- Yaris. Realized that you *could* use aspiration in the sub-compact category. Cassies 2006.
- WestJet saw the power in the “owners” idea. Cassies 2006 and 2007.
- Monster saw the power in the “best boss” idea. Cassies 2006.
- Dove. Saw the leverage in the Self-Esteem Fund. Cassies 2007.
- Brita. Changed how we think about tap water for ever.
- SpongeTowels. Brought absorbency to life, almost literally.
- Benylin. Realized what we really want to do!
- Newfoundland. Realized that the problem was the opportunity.
- Plus virtually all the cases in *Crossover Note 10*.