

Cassies 2009 Cases

Brand/Case: Ford of Canada “Groundswell”

Winner: Events, Seasonal & Short-Term—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 Cassies1997. The full set for Cassies 2009 can be downloaded from the Case Library section at www.cassies.ca

- Crossover Note 3.** Core Equity versus Price & Promotion.
- Crossover Note 8.** Classic Rivalries.
- Crossover Note 9.** Turnarounds.
- Crossover Note 10.** Conventional Wisdom—should it be challenged?

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):	March 2009 to June 2009
Start of Advertising/Communication Effort:	March 2, 2009 (pre launch Dec 23, 2008)
Base Period for Comparison:	January 2008 to February 2009

a) Synopsis of the Case

The Ford Brand is in the midst of a turnaround. **Crossover Note 9.**

The scope and scale of this turnaround will occupy analysts for some time. And so it should. For few brands have led the invention of an entire category, dominated the marketplace, suffered declines when competitors refined that invention, and then reinvented themselves and recovered past leadership. It is the classic story writ large, helped in Canada by the “Groundswell Campaign.”

b) Summary of Business Results

Prior to the launch of “Groundswell” Ford had a 12% share of One-Year-Intenders (those intending to buy a vehicle in the next 12 months). After exposure to the advertising this increased to 21% – an almost 75% increase in just 3 months. Likewise brand health metrics have exceeded targets, with post-launch tracking showing significant advances in the dimensions that drive Quality and Innovation.

Share of market is up a full +2.8 points versus base, and it has grown every month since launching the campaign. Moreover, at the end of June, and for the first time in more than 50 years, Ford of Canada became the top-selling automaker in the country.

SITUATION ANALYSIS

a) Overall Assessment

US auto sales in 2008 began a steep decline beginning in Q2, coinciding with the meltdown in the financial markets. Canadian auto sales had a more gradual decline, and the full effects did not materialize until November 08. This meant that Canadian auto sales for 2008 were actually up 23,000 units or 1.7% vs. 2007. Nevertheless, the deepening global recession and the impending failure of two major competitors made the 2009 outlook appear bleak.

Faced with this, the leadership at Ford of Canada began to develop a “gamechanger” message that would transform how people perceive and buy Fords. We wanted to radically transform the hearts and minds of consumers in the first quarter of 2009, and get the year off to a very strong start.



b) Resulting Business Objectives

The objective of Ford's primary brand marketing is to drive short term brand intention and shopping consideration. It must also create a positive shift in opinion for the Ford brand, in the areas of Quality and Innovation. Fulfillment of these objectives is quantified through monthly tracking.

Because the Canadian automotive market is mature and highly competitive our brand intention metrics move in small increments over long periods of time. Our Base Period results in 2008 and our 2009 targets reflect this historic pattern:

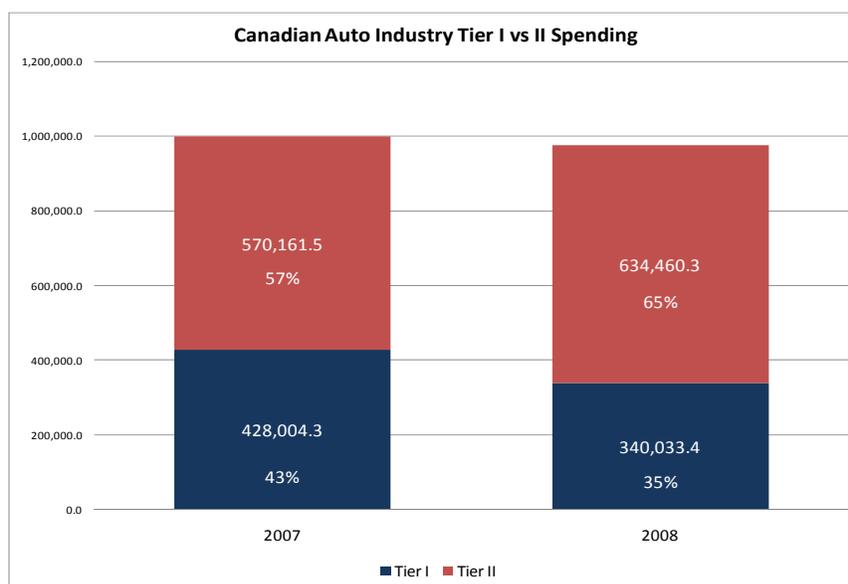
	CY 2007 Act.	CY 2008 Act.	CY 2009 Target
Consideration	39%	39%	41%
1 Year Intenders	11%	12%	12%

To improve overall Quality and Innovation perceptions, our objective was to increase three attributes:

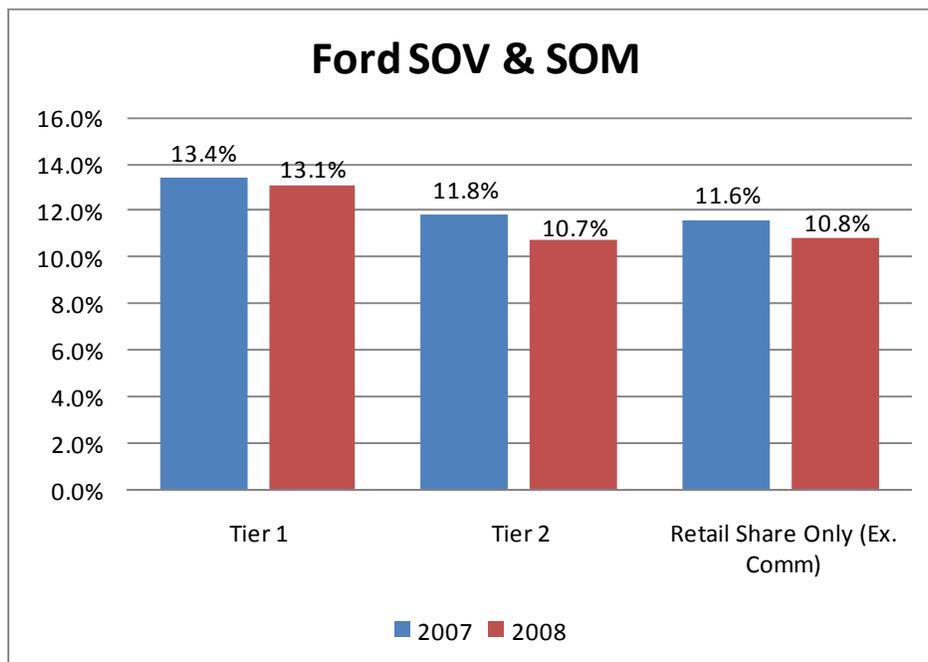
	CY 2007 Act.	CY 2008 Act.	CY 2009 Target
Makes High Quality Vehicles	29%	29%	32%
Changing for the Better	24%	28%	31%
A Leader, not a Follower	28%	29%	32%

c) Budget Range/Share of Voice

The competitive SOV situation in 2008, despite peak oil prices, the banking crisis, the recession and the possible collapse of GM & Chrysler, remained relatively stable. Total category spending was virtually flat with spending continuing to shift away from Tier 1 (brand messaging) and more toward Tier 2 (retail offer/sales event messaging).



While allocating more spending to Tier 2 is an option, Ford remains committed to Tier 1 as a way to improve the overall health of the Ford brand in Canada. Ford's SOV at Tier 1 is somewhat greater than SOM, reflecting the investment posture, while at Tier 2 Ford's SOV is virtually equal to the SOM.



Although Ford expected competitive investments in Tier 1 to erode in 2009, in light of the recession, the spending strategy remained unchanged, with the net media spend for “Groundswell” being kept largely equal to Ford’s 2008 Primary Brand investments. Whatever erosion did occur in 2009, it was concluded, would only create a minor increase in Ford’s SOV and not provide any significant or durable marketing advantage.

Annual Media Budget (See Notes Below)

Under \$500,000 \$500K - \$1 million \$1 - \$2 million \$2 - \$3 million

\$3- \$4 million \$4- \$5 million Over \$5 million

Geographic Area Covered by this Budget

National English Canada Quebec Other

STRATEGY & INSIGHT

a) Analysis and Insight

Doubt, by the end of 2008, was clearly forming in the minds of consumers considering a domestic brand for their next purchase. This doubt, fuelled by journalists providing coverage of the CEOs from Ford, Chrysler and GM appearing before the US Senate, created an opening for Ford. As the only player not looking for bailout money, Ford had suddenly become someone to cheer for.

And the cheering even stretched to blogs and online forums. Writing under monikers like *Gearheard* or *Metal Mouth* – we saw people proudly declaring that Ford today was not the Ford that they remembered. Today, Ford offered inspired product innovations and industry leading quality. This reminded us of a fundamental truth in marketing. The product matters. Our consumers were so proud of our product that they were willing to stand up and defend it. How the company was being managed had given them something to cheer for. But our vehicles themselves gave them something they could believe in.

At its core then, “Groundswell” would capitalize on our analysis of how people felt about Ford *and* our products. We would create a significant distance in public perception between Ford and GM/Chrysler – and in so doing elevate and position ourselves with the perception leaders Toyota & Honda.

b) Business Strategy

This was to capitalize on Ford’s positioning relative to domestic rivals **Crossover Note 8** and pursue share. In automotive that typically means aggressive retail promotions and discounted prices. And while Ford was in a much healthier position than its domestic competitors, purchasing share through discounting was not a recipe for sustainable long term share growth. **Crossover Note 3**. Ford’s strategy would be activated the old fashioned way – through disciplined marketing; clear target identification; and strong communications.

c) Communication Strategy

Ford of Canada works with a complex and quantitatively validated purchase funnel. It tracks the migration of consumers throughout the entire *consideration-shopping-buying* process. Each stage can be correlated with purchase driving dynamics so as to inform what message must be used, and also what media maximizes the potential for resonance.

For “Groundswell” we targeted mid-funnel conquest intenders—people less than 12 months away from purchasing a new car or truck, whose last purchase was not a Ford.

Typically in automotive opinion-changing advertising is aimed at consumers higher in the purchase funnel. The marketing paradigm holds that you can change the opinions of someone further from the purchase decision, but only *before* they have shortened their list to the type of car or truck they want to buy. In the case of “Groundswell,” we took a

MEDIA EXECUTION

We implemented a classic media plan that worked in lockstep with unfolding news events. Our program had three components:

Pre-Launch: December 23, 2008

This consisted of a print ad in a variety of Canadian national newspapers, taking advantage of current news coverage and helping coalesce the opinion that Ford was different from the other two domestic manufacturers.

Launch: March 2-22nd, 2009

This was designed to generate a mass perception change and increase consumer intention and showroom traffic. Media planning was modeled to achieve maximum reach and frequency with our lead medium of TV. Online provided support and continuity.

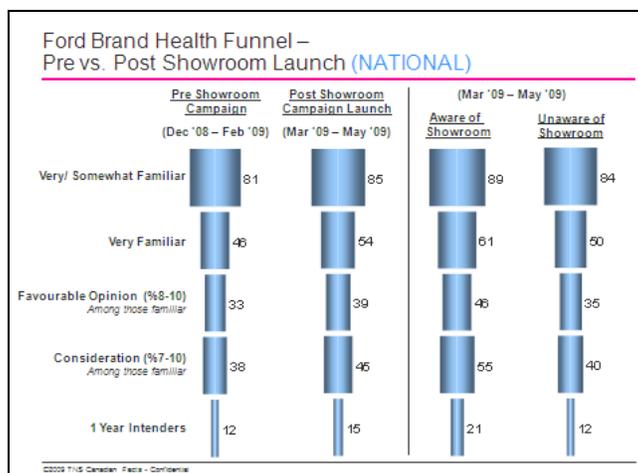
Sustain: March 23rd – Jun 29th, and August 17 – Nov 15th 2009

This involved additional differentiation-driving messages – all cross calibrated against Top Purchase Reasons in the car segment. It also involved additional newspaper insertions and core messages extended into micro targeted segments via eCRM, Direct Mail, and ethnic language apertures.

BUSINESS RESULTS

The results of “Groundswell” have been excellent. Prior to the launch Ford had a 12% share of One-Year-Intenders. After exposure this increased to 21% (in May/09) – an almost 75% increase in just 3 months. This share of One-Year-Intenders now equals Toyota’s and far surpasses Honda’s. Also, the scores for Brand Consideration among those aware of the advertising have increased 14 points:

	CY 2007 Act.	CY 2008 Act.	CY 2009 Target	May 09 Results
Consideration	39%	39%	41%	55%
1 Year Intenders	11%	12%	12%	21%



Likewise, Brand health metrics have exceeded targets with post launch tracking showing significant advances in the key dimensions that drive Quality and Innovation:

	CY 2007	CY 2008	CY 2009 Target	May 09 Results
Makes High Quality Vehicles	29%	29%	32%	38%
Changing for the Better	24%	28%	31%	44%
A leader, not a follower	28%	29%	32%	38%

Ford Brand Imagery – Ranked by Greatest Lift Since Showroom Launch

Attribute	(% rating 8/10)		
	Jan/Feb '09	May '09	% Change
Makes high quality vehicles	24	38	+14
Changing for the better	30	44	+14
Proud to own	28	39	+12
Ahead of the curve with new technology	23	34	+11
A leader, not a follower	29	38	+10
Excellent workmanship	27	37	+10
Reliable and dependable vehicles	31	40	+9
Makes vehicles that are fun to drive	30	39	+9
A cool and exciting company	22	30	+9
Understands what is most important to its customers	27	35	+9
Distinctive	28	36	+8
Cares about its customers	27	35	+8
Vehicles that fit my life	29	37	+8
Great styling	32	40	+8
Cares about the environment	23	30	+8
Good value for the money	28	35	+7
Designs vehicles that put consumers needs first	28	36	+7
A trusted name in automobiles	38	45	+7
Vehicles that have good fuel economy	25	31	+6
A socially responsible company	30	31	+1

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Actual vehicle sales since the launch are up +24.6% vs. base in a market that is -18.3% for Jan-June 09. At the end of June, for the first time in more than 50 years, Ford became the top-selling automaker in the country. The SOM for June is up a record +6.0 points vs. year-ago to 19.5% - the best result among all manufacturers.

	June 2009 SOM	Ppts +/- SPLY
Ford	19.5	6.00
GM	15.9	(3.90)
Chrysler	6.6	(7.10)
Honda	9.8	(0.30)
Toyota	13.3	(0.50)

Ford of Canada			
Total Vehicle Sales	2008	2009	% Change
June	22,001	27,408	24.6
January - June	113,531	107,993	-4.9
CND Market (Jan-Jun)			-18.3

When viewed against 2008 Ford's growing SOM and increasing June unit volume is a turnaround from 2008. In 2008 Ford's SOM was declining.

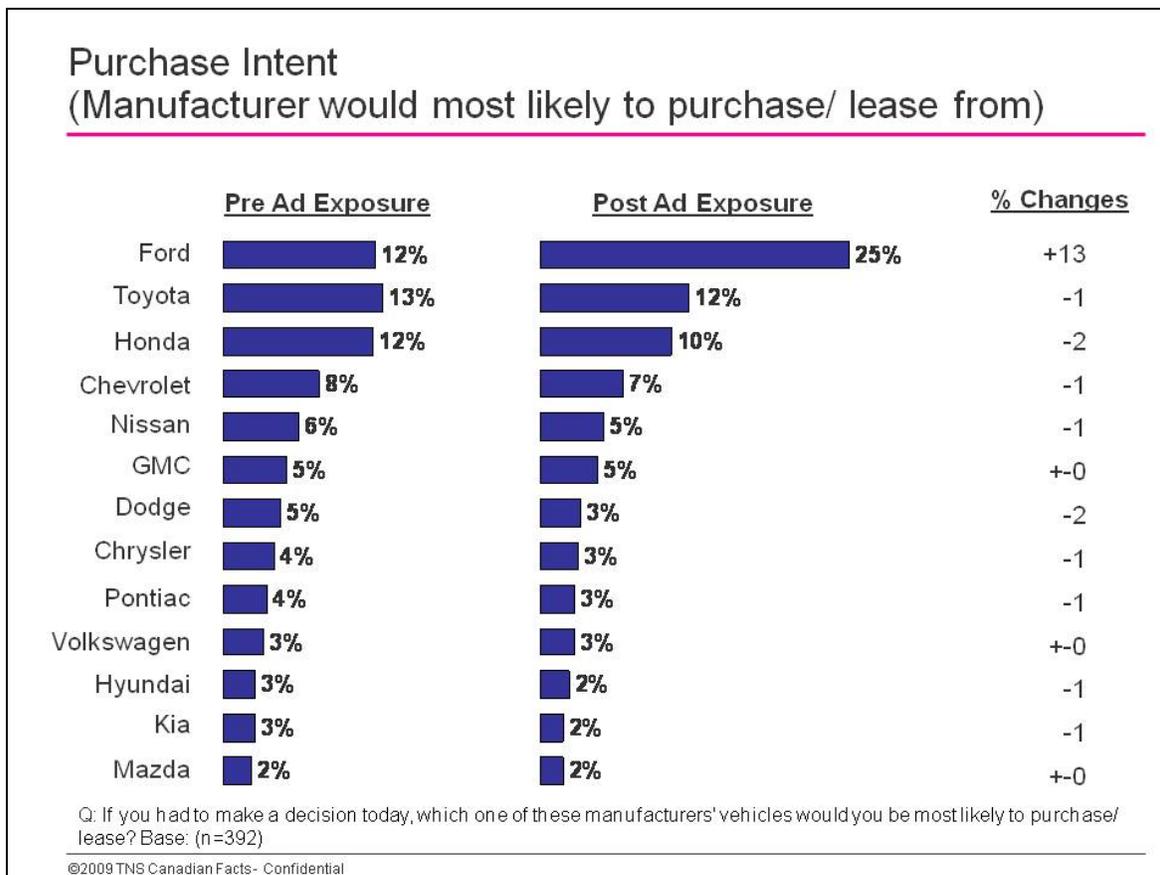
Today it is increasing. In 2008

Ford's unit volumes were flat. Today they are growing. And this turnaround has occurred in one of the worst recessionary periods in a generation.

CAUSE & EFFECT BETWEEN ADVERTISING AND RESULTS

Price discounting, promotional launches, new vehicle introductions, and even weather can have a substantial impact on in-market sales success.

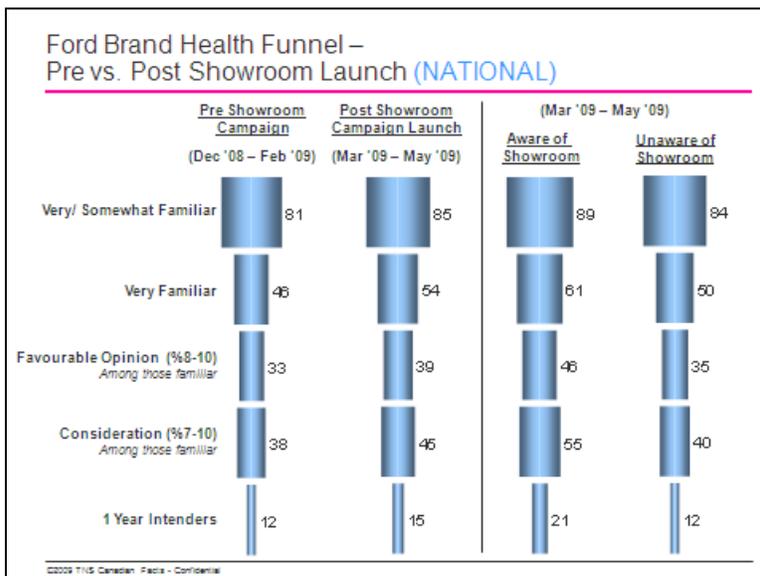
However, in quantitative pre-testing we were able to validate that our creative approach had the potential to deliver a substantial sales impact. “Groundswell” achieved a 13 percentage point increase in Purchase Intention, while Toyota, Honda, GM, and Chrysler all saw percentage point declines. In addition, Post Launch tracking affirmed the increase in purchase intent that we witnessed in Pre-Testing.



Consumer perceptions across a battery of opinion-changing attributes such as leadership, quality, reliability, innovation and consumer acceptance also rose significantly after exposure in the Pre-Test. On all measures the advertising widened the gap with the domestics and brought Ford very close to, and in some cases (styling, vehicles that fit my life, innovative) *ahead of* the imports. Here too, the effectiveness of the advertising was confirmed in Post Launch Tracking.

Although Pre-Testing and Post-Launch Tracking both confirm the effectiveness of the advertising, it's possible to hypothesize that negative PR surrounding GM and Chrysler's bankruptcy filings may have contributed to the results we achieved. Our data, however, proves otherwise.

In Post-Launch Tracking, care was taken to isolate the impact of the advertising from the impact of any media coverage. As noted earlier “Groundswell” resulted in an increase in One-Year-Intenders from 12% to 21%. This same increase did not occur for consumers who did not see our advertising. Although some higher level funnel metrics like familiarity did increase as a result of actual events – likely due to the whole country being exposed to the same negative news coverage – there was only a very small increase in Consideration, and there was absolutely no increase in One-Year shopping intention amongst consumers *who did not* see the “Groundswell” advertising.



Similarly, variations in SOV can be eliminated as a factor in explaining the sales momentum. Although Ford has been increasing its Corporate SOV since 2006, only in April 2009 did the spending equal GM’s. Even during the darkest hours of bankruptcy protection GM still had the #1 Corporate SOV. And while Ford’s SOV did increase from 14.0% in January to 17.7% in May, this is a very small shift in a category as cluttered as automotive.

	2009/Jan	2009/Feb	2009/Mar	2009/Apr	2009/May
Ford	14.0%	14.6%	15.4%	16.2%	17.7%
GM	21.0%	20.7%	20.3%	19.3%	17.9%
CHR	5.9%	5.9%	5.6%	5.6%	5.8%

Supporting evidence for cause and effect between can also be observed in three further facts.

First, sales responded immediately to the new campaign. Within three weeks of launch Ford saw greater-than-planned sales growth – exceeding the monthly target by over 7%. Advertising was the sole new factor at work and this amplified sales growth continues to correlate with the presence of the campaign on-air.

Second, the campaign has created a sales affect across Ford’s entire line up of vehicles. Although other factors can alter performance for one or two lines in the portfolio, only the power and force of an effective national advertising campaign can deliver a sales lift throughout all elements, all at the same time. Again, our June results show:

- Oakville-built Ford Edge and Lincoln MKX sales rose 23% and 24%, respectively
- Ford Fusion sales were up 13%
- Ford Ranger sales increased 50%
- Ford Escape sales rose 41%
- Ford F-150 sales were up 59%
- Lincoln MKZ sales increased 42%
- Total F-Series sales were up 39%
- Total Lincoln sales rose 18%
- Ford SUV and CUV sales increased 41%

Third, no similar Primary Brand campaign was launched in the US during this period. Canada and the US had the same vehicles and the same opportunities during the recession, but for Jan-Jun 2009 Ford of Canada has done *significantly* better than the market (-4.9% vs. -18.3%) while Ford in the US has done only *slightly* better than the market (-32.8% vs. -35.1%). And Ford of Canada continues to lead the SOM growth in North America with the Q2 results outperforming the US:

Canada VS. USA		
Ford Canada	Q2 Chg in SOM	+2.8 ppts
Ford USA	Q2 Chg in SOM	+2.0 ppts

In summary, “Groundswell” has been an enormous success for Ford of Canada. It is an example of how sound marketing and strong communications can have a direct result on sales – even in the toughest times. The campaign has helped us exploit an opportunity and achieve a level of success that is the envy of our category.