

Cassies 2009 Cases

Brand/Case: Lexus RX 350

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 Cassies1997. The full set for Cassies 2009 can be downloaded from the Case Library section at www.cassies.ca

- Crossover Note 2.** Brand Truths.
- Crossover Note 5.** The Total Brand Experience.
- Crossover Note 6.** Should the product be improved?
- Crossover Note 14.** Refreshing a continuing campaign.

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 2009 to June 2009
Start of Advertising / Communication Effort: January 2009
Base Period for Comparison: 2008

a) Synopsis of the Case:

The RX is arguably Lexus' most important vehicle. It was the first crossover luxury SUV when it was launched in 1998, and has become the largest volume vehicle for Lexus in Canada and throughout North America. The previous iteration of the RX 350, first introduced in 2007, was a huge success. The new 2010 RX 350 had to build off that success and more.

Research with luxury automotive intenders highlighted an opportunity to evolve the highly successful Lexus "Moments" campaign by adding elements of advanced technology and design and greater dynamism. This evolved strategy we called "Advanced Moments."

b) Summary of Business Results

As of the end of June 09 sales of the RX were up by 29% versus year-ago, in a luxury car market that was down by 8%. RX has also recaptured clear leadership of the luxury SUV segment by surging to an 18.9% share, five share points ahead of its nearest competitor.

SITUATION ANALYSIS

a) Overall Assessment

The mid-size luxury SUV category is critical for luxury car manufacturers, largely because of the significance of the high sales volume. For Lexus, the RX has been so successful in Canada that its role is even more significant. In 2008, the RX accounted for 41% of total Lexus volume.

The prominence of the RX in the Lexus line-up has another implication beyond just sales volume: it is the most visible Lexus, so the perception of the RX casts a halo over the entire brand.

In the first half of 2008, the Lexus/agency team embarked on a reassessment of the Lexus positioning and communication strategy. While the "Moments" campaign, first introduced in the fall of 2005, had been very successful, Toyota's philosophy of "kaizen" (constant improvement) dictates that we never rest on our laurels. [Crossover Notes 5 & 14](#).

We analyzed brand tracking and quantitative perceptions to ensure that our strategy was delivering the highest level of purchase intent. We concluded that Lexus would benefit from an injection of some serious performance credentials (and the 2008 launch of a true performance car, the Lexus IS F, had already started to make the Lexus brand family seem more dynamic).

This analysis led to three potential evolutions of "Moments." They were tested in a qualitative setting with competitive luxury intenders and Lexus owners. We learned that Lexus hybrid technology and other advanced features (like the LS460's ability to park itself) is intriguing and important, but only insofar that it enhances the perception of the established "Moments" promise.

With the downturn in the economy and pressure on advertising budgets, it was determined that the launch of the new RX in first half 2009 had to create awareness for the new model while changing the perception of the Lexus brand to something more advanced and dynamic.

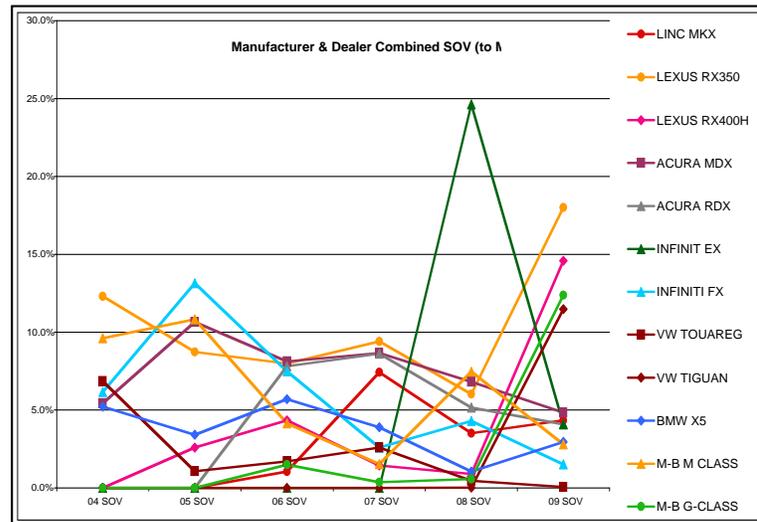
b) Resulting Business Objectives

There were two objectives set for the RX Series re-launch:

1. Re-establish leadership of the mid-size luxury SUV category—a market share of at least 18%, the share level last enjoyed by the RX in 2005.
2. Evolve the perception of the Lexus brand with improved credentials for advanced design and technology, plus dynamism and performance.

c) Spending/Share of Voice

This segment of the market is active with several brands spending at the manufacturer and dealer level. In the first six months of 2009, the RX had a strong share of voice but needed to compete with significant spending from Mercedes, VW, Infiniti and Acura.



STRATEGY AND INSIGHT

a) Analysis and insight

The new RX is filled with innovative features and advanced technology. **Crossover Note 6.** It projects the vehicle's speed and navigation instructions on the windshield so the driver never has to take their eyes off the road. It has a revolutionary control panel feature called the HAPTA controller, a mouse-like device located on the centre console that allows easy, intuitive control of the vehicle's information screen (think i-Drive that actually works). Beyond technology, it also features smart design elements like the rear windshield wiper that tucks up under the rear spoiler so you never have to worry about it being clogged with snow and ice. And it boasts a new 3.5 litre V6 engine that increases horsepower from 270hp to 275hp while improving fuel economy by 7%.

In research, people were adamant that they aren't interested in advanced technology for the sake of technology. They are looking for elements that make the driving experience more enjoyable, relaxing and at times, exhilarating.

So we had a consumer who was interested in advances in technology and design that helped to deliver more perfect moments. And we had a vehicle that would allow us to showcase how Lexus is able to make that combination a reality. **Crossover Note 2.**

c) Business and Communications Strategy

These insights led to “Advanced Moments.”



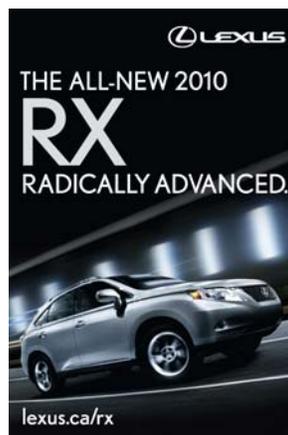
Lexus TV: 45 seconds – “Moments”

TV, print, online, a microsite and outdoor would be used to drive awareness and sales, and the increase in dealership traffic would add renewed excitement for the dealer body and their staff.



Lexus RX TV: 30 seconds – “Inner Calm.”

Voice-over: “Introducing the radically advanced 2010 RX from Lexus. Reinventing the vehicle that invented it all.”



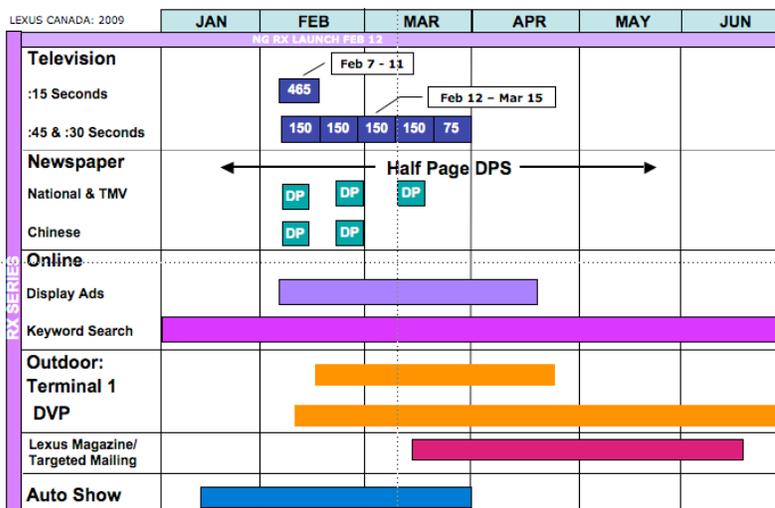
Lexus RX Outdoor

CREATIVE/MEDIA EXECUTION

A microsite and paid keyword search program kicked off the campaign in early January to capture buyers searching for the new RX 350 (there was plenty of pre-launch PR about the new vehicle). 15-second teaser TV spots ran for a week before the official launch. This was followed up by a multimedia launch with television, newspaper, out-of-home and online advertising.

The core medium was television. The creative features a family in an RX navigating their way out of the city using its new advanced driving and navigation features such as the “heads-up display,” a “Remote Touch” device that allows intuitive control of the multi-information display and Lexus Hybrid Drive technology that saves on fuel and emissions while delivering enhanced power and performance. The RX was described in the voice-over as being “Radically Advanced,” a claim that was replicated in print, outdoor and in online advertising.

A unique component of the campaign was a vehicle display at Toronto airport’s Terminal 1. The windows of an RX were treated with Vikuiti, a 3M film that acts as a projection screen and human touch interface. The RX microsite was projected onto a side window, allowing consumers to surf for information right there on the vehicle or on one of two other touch screens located within the display.



The bulk of the launch advertising activity occurred in February and March with extended coverage in online, keyword search and out-of-home.

BUSINESS RESULTS

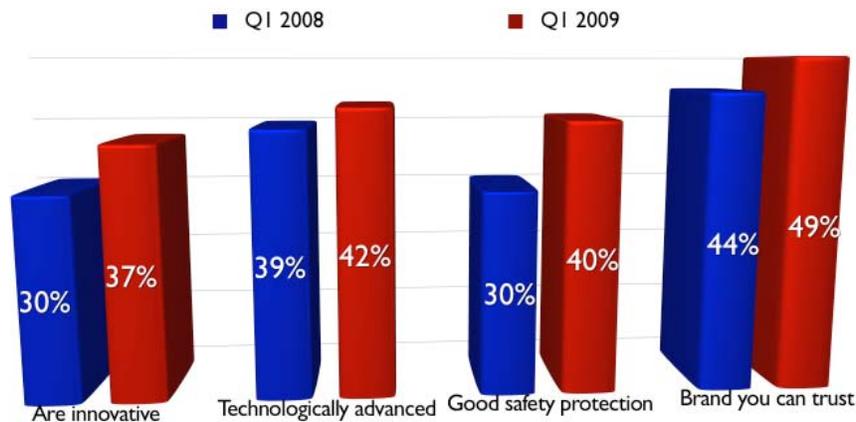
Sales of the RX responded almost immediately to the advertising. For the first six months of 2009, RX sales rose to 3,919 units, 29% higher than in the first six months of 2008 in a luxury car market that is off by 8%. The RX has also recaptured clear leadership of the luxury SUV segment with an 18.9% share, share points ahead of its nearest competitor, the Acura MDX.



Note: Canadian automotive sales declined 18.4% during Jan-June 2009 vs. same period 2008.

The RX launch campaign also produced an immediate impact on general perception of the Lexus brand. In Millward-Brown's Automotive Purchase Dynamics Tracking, the RX has been able to immediately and significantly enhance target perceptions of the Lexus brand in the desired areas of "are innovative," "technologically advanced," "good safety proposition" and "brand you can trust."

Millward Brown Automotive Purchasing Dynamics - Brand Tracking

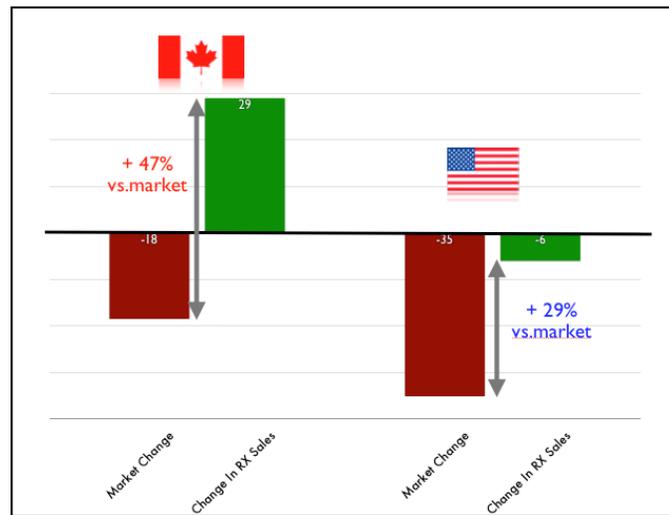


Q: "Based on anything you've seen or heard or any impressions you may have, which of the following vehicles ...?"

CAUSE AND EFFECT BETWEEN ADVERTISING AND RESULTS

The 2010 RX was launched in the U.S. at the same time as in Canada, supported by an entirely different campaign that focused exclusively on the technology without relating that to the user or the experience. The creative used CGI to “explode” the vehicle and study all its hi-tech parts..

Sales in the U.S. for January to June 2009 were down 6% versus the same period in 2008., but this was still 29 points better than the market, which declined by 35%. As noted, however, Canadian RX sales were up by 29%, and this was 47 points better than the market.



Spectacular share and sales growth, and immediate positive movement in consumer perceptions of Lexus (all in the face of the worst auto market conditions in generations) show that the launch advertising for the new Lexus RX has sent the brand off to a truly exceptional start.