

# Cassies 2009 Cases

**Brand/Case: Hyundai – Smart is in**

**Winner: Success Despite the Recession—Bronze**

**Client Credits: Hyundai Auto Canada Corp.**

Steve Kelleher, President & CEO  
John Vernile, Vice President, Sales and Marketing  
Bryan Park, Executive Coordinator  
Rob Marner, Director of Marketing

**Agency Credits: Bensimon Byrne Inc.**

Jack Bensimon, President  
David Rosenberg, Creative Director  
John McDougall, Associate Creative Director  
Joe Mussico, Associate Creative Director  
Tatania Tucker, Media Director  
James Grant, Group Account Director  
Daryn Sutherland, Account Director  
Mark Berardo, Account Director  
Bart Smith, Art Director  
Tim Zimmerman, Art Director  
Mandip Salh, Writer  
Ulyssis Crisostomo, Digital Art Director  
Jessie Sorrel, Digital Writer  
Bryan Crisostomo, Flash Developer  
Kara McIntosh, Digital Project Manager  
Michelle Pilling, Broadcast Producer

**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](http://www.cassies.ca)

- Crossover Note 2. Brand Truths.
- Crossover Note 3. Core Equity versus Price & Promotion.
- Crossover Note 6. Should the product be improved?
- Crossover Note 12. Changing the Goalposts.
- Crossover Note 16. When a campaign stumbles.

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

## EXECUTIVE SUMMARY

<b>Business Results Period (Consecutive Months):</b>	July 2008 – June 2009
<b>Start of Advertising/Communication Effort:</b>	July 2008
<b>Base Period for Comparison:</b>	Historical Comparisons

### a) Synopsis of the Case

This case can be summed up in one thought:

**If more people drove better cars from Hyundai, we could convince more people that Hyundai made better cars.**

Hyundai has been in Canada for 25 years and has been a moderately successful import. By 2008, it had a 4.9 market share, placing it just behind Nissan and Mazda, but well behind Toyota and Honda that Hyundai benchmarks itself against.

During those 25 years, it's fair to say that Hyundai accumulated some baggage. Early product and customer experiences with the brand were not always positive. This is not atypical for a developing global manufacturer. Toyota and Honda went through a similar evolution in the early '70s when their first vehicles were known as econo-boxes.

Recognizing this Hyundai globally focused its efforts on improving product quality in the late 1990s and now ranks as one of the highest-quality automotive brands. **Crossover Note 6**. It has received countless accolades from the auto industry, journalists and awards programs. Despite this success and it is a key element of this case, the brand still suffered from a lingering image deficit. **Crossover Note 2**.

Prior to the recession, the feeling was that this deficit needed to be closed to become a top-tier import brand, and the way to do it was through communication. So Hyundai told people the product was way better than they thought, but only with modest success. **Crossover Note 16**. Then, in the spring of 2008, the agency, through its Consumerology trends study, recognized that the Canadian market was heading for a substantial correction. With rising gas prices and increasing consumer debt, there was significant potential for a major economic downturn. Perhaps closing that image gap might be less dependent on advertising and more analogous to what Honda and Toyota went through during the oil shocks of the early '70s when need forced people into their vehicles.

The agency suggested that if Hyundai positioned the brand for the recession, they could benefit through a similar sales explosion. The fact that more people would drive better cars from Hyundai would convince more people that Hyundai made better cars.

This case demonstrates how using foresight to recognize a coming cultural change resulted in a smart brand positioning and a smart, salient ad campaign that was perfect for the times, helping Hyundai become the most successful automaker during the recession. **Crossover Note 12**.

## b) Summary of Business Results

Sales have increased 21% vs. the same period last year — a 40-point gap versus the market's 18% decline. Share has grown from 4.9% to 7.3%, rising to become the #3 import brand in Canada, ahead of Nissan and Mazda, and just behind Honda.

## SITUATION ANALYSIS

### a) Overall Assessment

In the fall of 2008 Canada began to feel the effects of the global economic recession. In the US, one could argue that housing, followed by auto and then Wall Street, were hit the hardest, but in Canada it's likely that no consumer category was brutalized more than autos. Canadian car sales in November and December dropped 17% vs. 2007. Historically strong Japanese brands Toyota and Honda saw significant sales drops (-18% in Q4) and GM & Chrysler were facing bankruptcy.

Not surprisingly, most automakers were placing heavier emphasis on retail advertising and incentives. But Hyundai and the agency recognized that in the coming months more would come into play than just offering a low price. **Crossover Note 3**. In fact, a lot of distressed manufacturers (particularly the domestics) were giving their cars away but were not growing.

Hyundai had the ability to compete from an incentive and pricing standpoint but needed a new way to differentiate itself. We surmised that it would be brands that offered a strong value proposition and not just low price that would resonate with Canadians during the recession. What Hyundai needed was the right positioning to communicate this message.

### b) Resulting Business Objectives

- > Sales Objective: 88,000 units (+10%)
- > Market Share Objective: 5.5% (increase of 0.6 points), surpassing Mazda (5.2%) and Nissan (4.6%). Gain on Toyota (12.6% in 2008) and Honda (9.3% in 2008).
- > Communication Objective: Position the brand as right for the times.

Achieving these would move Hyundai from being a third-tier manufacturer to the top tier.

### c) Range/Share of Voice

No additional funds were allocated to achieve these objectives. The recession would have a negative impact on corporate spending and, by January 2009, retail spending was cut back to levels 43% lower than 2008.

The retail budget cut would place Hyundai in the 15-to-20-million-dollar range, likely lowering share of voice to levels lower than years past.

## STRATEGY & INSIGHT

### a) Analysis and Insight

At the core, this case is about foreseeing things that others may have missed and acting on them to help position Hyundai for the upcoming recession.

The agency's Consumerology Report for April 2008 suggested that people were concerned about the economy. One-third of Canadians were carrying a monthly debt obligation in excess of their income. Lay-offs in the manufacturing sector were also a key indicator. That suggested that a change was about to occur in consumer behaviour, with the agency predicting a major decline in consumer spending (six months before it happened). The key strategic decision was to work on how to position Hyundai to succeed in these changing economic circumstances. That led to the overarching insight.

The agency surmised that the entire cultural gestalt of North America was moving away from a period of excess marked by consumerism, conspicuous consumption, and using goods and services to demonstrate status. In its place, frugality, pragmatism and not living beyond one's means would become the pillars of the culture.

Hyundai happened to have the ideal brand to take advantage of the new reality because it lacked the cache of an aspirational brand, but it had the model credentials and the value proposition to provide everything the new pragmatic consumer would be looking for.

We then looked at Toyota and Honda during the oil shakeup in the early '70s when their fortunes changed forever by being absolutely right for the times. Sales grew, and once people got behind the wheel in sufficient numbers, they told their friends about it. Word of mouth began to improve the brand image and change perceptions because of experience. Similarly, positioning Hyundai as the right brand for the times might close the gap of perceptual experience.

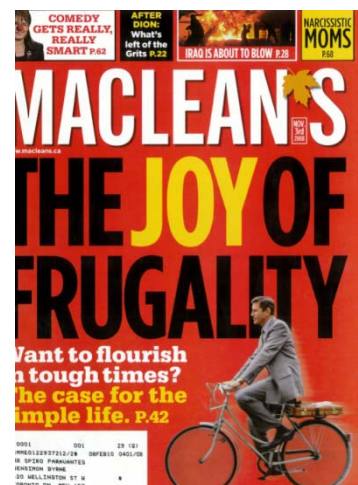
This led us to say that Hyundai is *the smart choice*.

### b) Communications Strategy

In 2008/09, the key thing about being smart was that smart is the new cool.

This meant making decisions for practical reasons; not with status in mind but with simple logic for rational and functional reasons.

The media was picking up on this cultural shift as we saw in headlines across North America during late '08.



The trick was to express the ‘Smart’ positioning in a way that made people feel good about buying a Hyundai versus just buying it because they didn’t have a lot of money. The goal was to portray Hyundai not as selling a value brand in the sense that they just sell on price. It stood for something more; a new type of aspiration—not showing off how much money you have but, rather, showing off how smart you are.

BUT, there was one major challenge with “Smart is the new cool.” You can’t say your brand is cool and be compelling. So the thought was written as “Smart is in.” The line was carefully structured to say “smart is in” because the time for being smart is now. Hyundai recognizes it. This is how you express that you align yourself with that value.

So Hyundais are still a form of self-expression as all cars are, but they are a self-expression for the times:

*Being smart never goes out of style, and in tough economic times it makes even more sense to be smart with your money. I’m a smart person, I don’t waste money, I don’t throw it away, I recognize value when I see it, I’m not just going to buy something because someone tells me that it’s cool. I’m actually smarter than the average person and that’s why I buy a Hyundai. It’s a smart choice. And people who make sensible decisions and spend wisely are admired and respected. In times like these, being smart is in.*

## **CREATIVE EXECUTION**

Faced with reduced overall budgets, and no dedicated corporate brand campaign to communicate “Smart is in,” Hyundai relied heavily on its existing retail activity.

Television was the primary channel used to communicate “Smart is in” and retail offers. To accomplish both, a new type of brand/retail TV was developed called Tier 1.5 (mix of Tier 1 brand and Tier 2 retail). The first 15 seconds engage and entertain the viewer, get them to like Hyundai and communicate that Hyundai drivers are smart people who get noticed and are respected. Three spots ran in rotation each using real-life scenarios:

- “Drag Race” – Two young and attractive drivers in Accents notice each other at a stoplight and race responsibly.
- “Drop-Off” – Instead of asking her mom to drop her off around the corner, a teenage girl is proud to be dropped off in front of her school in a Santa Fe.
- “Car Alarm” – An attractive woman intentionally bumps a parked Elantra in order to set off the alarm and expedite a meeting with the smart owner.

The last 15 seconds of each commercial features the rational ‘why buy now’ retail offer. Here is an example:





The corporate site also featured the Smart Advantage retail message on the home page.



'Smart Advantage' POP including pole signs and banner stands to extend the message.



All nameplate creative reflected the smart positioning and “Smart is in” copy line. Elantra Touring launch TV and Newspaper is an example:





Introducing the all-new 5-door **ELANTRA**  
**TOURING**

Luscious and spacious in equal measure.

Sometimes four doors isn't enough. Introducing the stylish and compact 5-door Elantra Touring. With great fuel economy (8.7 city/6.5 hwy!), exceptional fit and finish, and best-in-class interior room, the Touring is a spickus, versatile car that will fit all your needs. After all, SMART IS IN.

Starting from **ONLY \$14,995\***  
Lease from **\$199<sup>+</sup> + 2.6%**  
No money down. **Driving and Distraction M.C.**  
\*MSRP. Excludes tax, license, title, and destination charge. Excludes dealer fees. Dealer sets actual price. © 2008 Hyundai Motor America. All rights reserved.



**HYUNDAI**  
www.hyundaicarads.com

The information in this advertisement is based on the information provided by Hyundai Motor America. All prices are in U.S. dollars. MSRP. Excludes tax, license, title, and destination charge. Excludes dealer fees. Dealer sets actual price. © 2008 Hyundai Motor America. All rights reserved.

Four key reasons to believe were leveraged in different channels to support why Hyundai is a smart choice:

- SMART on Gas
- SMART Style
- SMART Quality
- SMART Advantage Pricing

## MEDIA EXECUTION

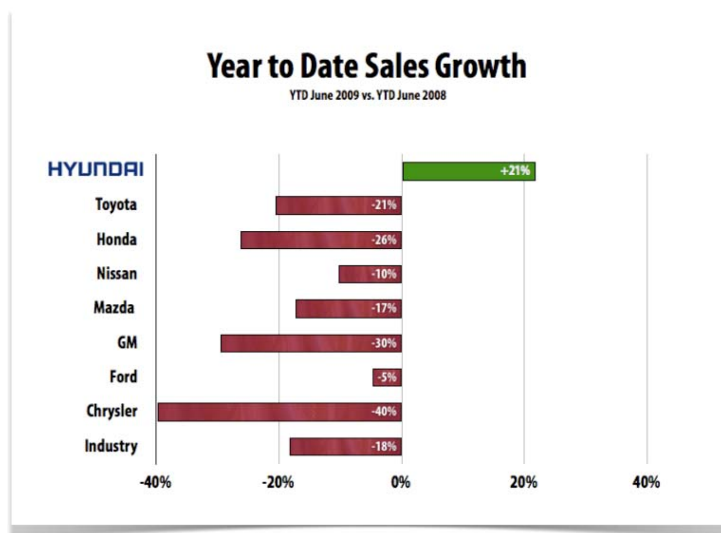
Understanding that the majority of Hyundai's communication for 2009 would be carrying a retail message, the media challenge for 2009 was to have a continuous 52-week presence and reach as many in-market consumers as possible. "Smart is in" haloes all Hyundai vehicles and resonates across all demographics. As such, we employed a back-to-basics mass media, mass reach strategy. Year-round support was planned in:

- Television – (30-second conventional and specialty)
- Radio – (30-second and 10-second tags)
- Newspaper – (auto supplements & upfront news)
- Online – (major Canadian auto sites)

## BUSINESS RESULTS

The automotive category has been brutalized by the recession and is down 18%. All three domestics have seen significant declines and even the four major Japanese brands have all seen double-digit drops.



Yet Hyundai Auto Canada is on pace to record the best-selling year in the company's 25-year history in Canada. Competing in the toughest category, and during one of the most turbulent automotive markets in history, Hyundai has outperformed the industry by close to 40 points— increasing sales by 21% vs. last year.



While a handful of mainstream manufacturers, namely KIA and Subaru, have also been able to increase sales, none have experienced the volume growth that Hyundai has.




Luxury brands Audi and Mercedes have also managed increases, but are largely selling to a segment (the affluent) who have not been as impacted by the recession.

Hyundai, on the other hand, has succeeded despite selling to the segment which was hardest hit by the recession - the middle-aged/middle-income with kids segment.

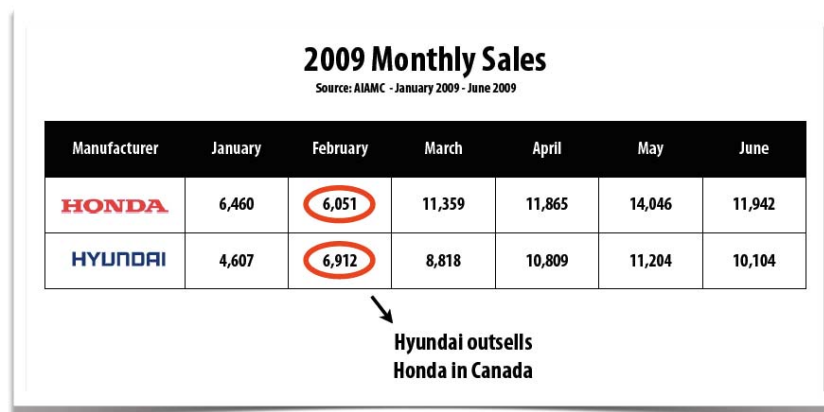
Manufacturer	09 Sales Increase	Incremental units sold	Growth in Market Share
<b>HYUNDAI</b>	+21.4%	+9,256	+2.4%
 <b>KIA</b>	+18.5%	+3,448	+1.0
Mercedes-Benz	+8.4%	+ 1,018	+0.4
 <b>AUDI</b>	+17.4%	+805	+0.3
<b>SUBARU</b>	+3.8%	+348	+0.3

What makes this story so dramatic is that it has all happened inside of a year. Hyundai has quickly vaulted into the top tier of Canadian automotive manufacturers and now ranks #6 out of the approximately 30 car brands sold in Canada.

During the first six months of 2009, seven out of every 100 cars put on the road have been Hyundais. The Korean carmaker is no longer just nipping at the heels of Mazda and Nissan. It has left them in its dust.

Manufacturer	2009 Sales	2009 Market Share	2009 Sales Growth
 <b>GM</b>	133,749	18.6%	-29.5%
 <b>Ford</b>	107,804	15.0%	-4.8%
<b>TOYOTA</b>	90,166	12.5%	-20.5
 <b>CHRYSLER</b>	76,935	10.7%	-40.0%
<b>HONDA</b>	61,723	8.6%	-26.2%
<b>HYUNDAI</b>	52,454	7.3%	+21.4%
 <b>MAZDA</b>	38,791	5.4%	-17.3%
<b>NISSAN</b>	36,126	5.0%	-10.2%
 <b>KIA</b>	22,109	3.1%	+18.5%
<b>Volkswagen</b>	18988	2.6%	+0.1%

Specifically looking at sales of a brand like Honda, Hyundai has been able to consistently keep pace and at times, has exceeded sales of Honda in Canada.



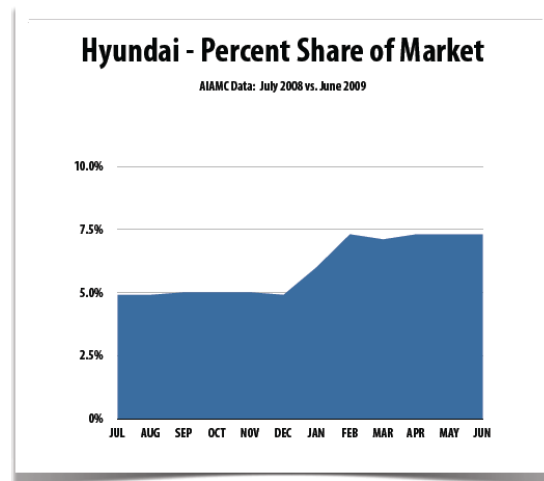
## CAUSE & EFFECT BETWEEN ADVERTISING AND RESULTS

Many have argued that in a recession inexpensive cars will sell. In fact, the opposite is true. Distressed manufacturers such as GM, Ford and Chrysler, long considered “value” brands, have seen their sales continue to drop. Other manufacturers have reduced prices and bolstered incentives, yet no one is growing as fast as Hyundai. That Hyundai is up so significantly says that this is a brand story and not just a function of price.

Hyundai has been selling inexpensive cars in Canada for 25 years but never at this pace. It hasn’t happened by accident. It’s happened because we’ve positioned the brand to be right for the times. The link between the launch of the “Smart is in” positioning and the carmaker’s recent growth in Canada is evident.

## Market Share Growth

Since the launch of “Smart” market share has jumped from 4.9% to 7.3%. To put this into perspective, a +2.4point increase in share represents a larger gain than the total share of car companies like Mitsubishi (1.4%), Subaru (1.4%) and Volvo (0.5%). Prior to the launch, Hyundai had consistently held a share of 4% - 5% since 2007.



## Sales Growth

In the twelve months prior to the “Smart is in” launch (July ’07 – June ’08) Hyundai had sold 80,375 units. Since then, sales have increased close to 12% to 89,888 units.

Hyundai is also bucking the industry trends with sales outpacing the market eight out of nine months since October 2008

Since January ’09 (during the heart of this recession), Hyundai has seen double-digit year-over-year gains in an industry seeing double digit losses

**Year over Year Sales Growth / Decline**  
AIAAC Data: August 2008 - June 2009

	Hyundai (% Diff vs. Previous Year)	Industry (% Diff vs. Previous Year)
October '08	+1%	+2%
November '08	+1%	-10%
December '08	-8%	-21%
January '09	+19%	-26%
February '09	+30%	-29%
March '09	+26%	-16%
April '09	+15%	-19%
May '09	+18%	-17%
June '09	+26%	-14%

## Success Unique to Canada

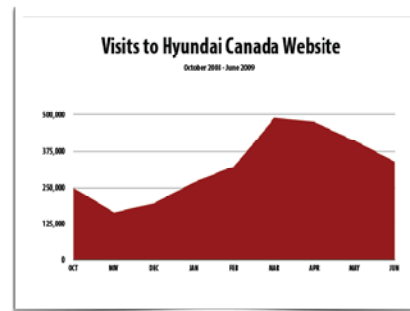
Hyundai has seen tremendous success with its Canadian campaign. The same cannot be said for many of its global counterparts. Hyundai Motor America saw a 11% decrease in sales over the same period last year.

	2009 Sales (Jan-June)	% Change vs Same Time last year	Market Share
Hyundai Auto Canada	52,454	+21%	7.3%
Hyundai Motor America	204,686	-11%	4.3%

At the halfway point of the year, market share in Canada is three percentage points higher than the U.S., and Hyundai Auto Canada’s sales volume is at a quarter of that in America. Quite an accomplishment for Canada, which sells in a market with about one-tenth of the population.

## Increased Traffic to hyundaicanada.ca Website

Traffic to [www.hyundaicanada.com](http://www.hyundaicanada.com) has spiked in 2009 to a monthly average of 384,214 visits. While seasonal sales trends impact numbers on a month-to-month basis, visitors to the Hyundai site in 2009 have been considerably higher vs. 2008 consistently. Prior to the launch of the “Smart” positioning, Hyundai averaged 192,139 visits per month.



## Traffic to [www.hyundaicanada.com](http://www.hyundaicanada.com)

2008 vs. 2009

	<b>2008 Traffic</b>	<b>2009 Traffic</b>	<b>% Change</b>
<b>January</b>	<b>148,699</b>	<b>268,344</b>	<b>80.5%</b>
<b>February</b>	<b>172,968</b>	<b>323,347</b>	<b>86.9%</b>
<b>March</b>	<b>237,613</b>	<b>488,480</b>	<b>105.6%</b>
<b>April</b>	<b>210,241</b>	<b>473,841</b>	<b>125.4%</b>
<b>May</b>	<b>182,869</b>	<b>411,355</b>	<b>124.9%</b>
<b>June</b>	<b>200,442</b>	<b>339,919</b>	<b>69.6%</b>