

CASSIES 2011 Cases

Brand/Case: Hyundai – Smart is Still In

Winner: Automotive—Silver; Sustained Success—Silver

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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 2011 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 4.** Business Strategy Dictated by the Brand Positioning.
- Crossover Note 10.** Conventional Wisdom—should it be challenged?
- Crossover Note 12.** Changing the Goalposts.

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

Section I – BASIC INFORMATION

Business Results Period (Consecutive Months):	July 2008 – June 2010
Start of Advertising/Communication Effort:	July 2008
Base Period as a Benchmark:	Calendar 2007
Geographic Area Covered:	Canada
Annual Budget Range:	Over \$5 Million

Section II – SITUATION ANALYSIS

a) Overall Assessment

During the global recession of 2008 – 2010 few consumer categories were as brutalized as the auto industry. In 2008 sales declined 17% (vs. 2007) and in 2009 they were down another 10.7%. Toyota and Honda suffered monthly sales drops in the double digits and GM & Chrysler went into bankruptcy. Despite this, one automaker not only managed to survive but thrive. In 2009, Hyundai Auto Canada sold over 100,000 vehicles for the first time, with 28% volume growth VYA in a market down 10.7%. Share jumped from 4.9% to 7.3%.

This case is about a brand repositioning itself to capitalize on changing consumer behaviour and leveraging existing momentum to drive demand.

To survive the downturn more would come into play than low price (in fact a lot of distressed manufacturers, particularly the domestics, were practically giving their cars away with little to no success). **Crossover Note 3**. Hyundai had the ability to compete from a product, incentive and pricing standpoint but its fair to say that during its 25 years in Canada it had accumulated some baggage. Early product and customer experiences were not always positive. Globally Hyundai addressed this by dramatically improving quality and design and now ranks as one of the highest quality auto brands. Despite this, and a key element of this case, the brand still suffered a lingering image deficit.

Hyundai needed a new way to differentiate itself and improve its brand perception. In the spring of 2008, the *Bensimon Byrne Consumerology Report* foresaw significant potential for a major economic downturn in Canada. We surmised that brands with a strong value proposition and not just low price would resonate with Canadians during a recession. The strategy was simple:

- 1) Position the brand properly to take advantage of the new economic realities
- 2) Establish Hyundai's leadership status by acting like a leader

Despite ambitious goals no additional funds would be allocated; in fact 2009 budgets were reduced by 24% vs. 2008. Incentives were competitive but not dissimilar from those being offered by competitors.

b) Resulting Business Objectives

Overall, to move from being a 3rd tier manufacturer to the top tier.

- 2009 Sales: 88,000 units (+10% vs. 2008).
- 2009 Market Share: 5.5% (Increase of 0.6 points).
- Surpass Mazda (5.2%) and Nissan (4.6%). Gain on Toyota (12.6% SOM in 2008) and Honda (9.3% SOM in 2008).
- Improve demand as measured by increased website traffic.

Section III – STRATEGIC THINKING

a) Analysis and Insight:

In the spring of 2008, the *Consumerology Report* recognized that the Canadian market was heading for a substantial correction. With rising gas prices, increasing consumer debt and overall unease, there was significant potential for a major economic downturn. That foreshadowed a decline in consumer spending (six months before it happened), and led to the overarching insight.

Position Hyundai as the right brand for the times

We surmised that North American consumers were moving away from conspicuous consumption, as a way to demonstrate status. In its place, frugality, pragmatism and not living beyond your means would become the pillars of the culture going forward. The press was also picking up on this cultural shift.

Hyundai was the ideal brand to take advantage of the new reality. It was a practical, functional choice in a category filled with brands signifying status and achievement. It had the model credentials and value proposition to provide everything the new, pragmatic consumer would be looking for. This led us to say that Hyundai was “The smart choice.” But our most important decision was to recognize the emerging value of “smart” as a status marker (i.e. Obama) and frugality as a purchase motivator (i.e. a “culture of thrift”). We combined the two with the proposition that “Smart is in.”



b) Communications Strategy

The key thing about being smart in the new economy was that smart is the new cool. The trick was to express this in a way that made people feel good about buying a Hyundai vs. just buying it because they didn't have a lot of money — a new type of aspiration. But, you can't SAY you're “cool”. So the thought was written as “Smart is in” - a phrase that implicitly suggests the new cool. So Hyundai's are still a form of self-expression as all cars are, but the self-expression is that I'm smart, make smart choices and that's “in”.

Hyundai also had to act like a leader.

It possessed all the credentials of a leading automotive brand but wasn't regarded that way. But 2009 would be a breakthrough year. Hyundai could highlight great new product, reinforce its sensible pricing, and communicate stories that would move it beyond the automotive press. This led to the following:

:

- Industry-leading value communications
- Strengthened digital presence
- CSR initiatives in mass communications
- Dedicated brand messaging
- “Beyond the Auto Section” PR stories
- High profile sponsorships

The litmus test was: Is this what a leading brand would do?

Section IV – KEY EXECUTIONAL ELEMENTS

a) Media Used

This case is all about the cumulative effect of numerous campaigns for nameplates, retail and corporate image.

For product launches, we used a multi-media to gain awareness and increase consideration at earlier phases in the purchase funnel. This typically included television, newspaper and/or magazine, online display (lifestyle and auto sites), paid search, search engine optimization, experiential media and out-of-home.

Hyundai's “Smart Advantage” retail message halos all Hyundai vehicles, and is intended to drive purchase in the last phases of the purchase process. We employed a full year back-to-basics mass media, mass reach strategy including television, radio (:30 seconds and :10 second tags), newspaper (Auto Supplements & Upfront News) and online display (Major Auto Sites)

b) Creative Discussion

Because this case demonstrates how a wide breadth of communications tactics led to business success, we will focus on the unique creative that complemented other traditional efforts.

Industry-leading Value Messaging

For Hyundai to stand out and reinforce its value proposition with a more pragmatic customer, we developed a new type of retail campaign—straightforward, synergistic and competitive. This was the “Smart Advantage” retail campaign. All executions featured the “Smart Advantage” branding device, prominent offers and “Smart is in”. This campaign was innovative for three reasons:

1. Its longevity. It ran throughout 2009 and into the first half of 2010 – likely a record in a category where most competitors run a new event every month.

2. Its mix of Tier 1 brand and Tier 2 retail TV, called Tier 1.5. The first :15 seconds engage and entertain, communicating that Hyundai drivers are smart, get noticed and are respected - “Smart is in”. The last :15 seconds feature the ‘buy now’ retail offer, communicating the “Smart Advantage”.
3. Its look and feel. Newspaper, radio, online and in-dealer POP presented the “Smart Advantage” in a uniquely clean, uncomplicated way without a lot of unnecessary logos or themes.



Strengthened Digital Presence – Social Media

In late 2009 security cameras captured an SUV driving up and over two parked cars in a parking lot – crushing them – before fleeing the scene. When we discovered that one of the vehicles was a Hyundai, we saw opportunity. Within 24 hours, posing as a film crew, we had filmed, edited and posted a video in which the victim was presented with the keys to a brand new Hyundai Elantra Touring. This video generated 327,000 views. 29 national and international news networks covered the story generating a combined reach of 24,318,000. There were over 400 positive comments online, many showing a change in brand perception, including those who indicated they would potentially buy a Hyundai.

YouTube

Hyundai Canada Response: [Original] Extreme Fitness BMW parking failure. Worst parking job ever!

HyundaiAutocanada 12 videos

HyundaiAutocanada | October 30, 2009
This Official Hyundai Auto Canada video is a response to the original 'Extrem...

327,745 views

2011 Hyundai Equus: Review
31,228 views
AutoguideVideo
Featured Video
3:00

YouTube Play
1,144,548 views
playbiennial
6:38

About YouTube Play
629,773 views
playbiennial
2:21

My YouTube Story: Jessica Rose
1,413,824 views
FiveYear
1:23

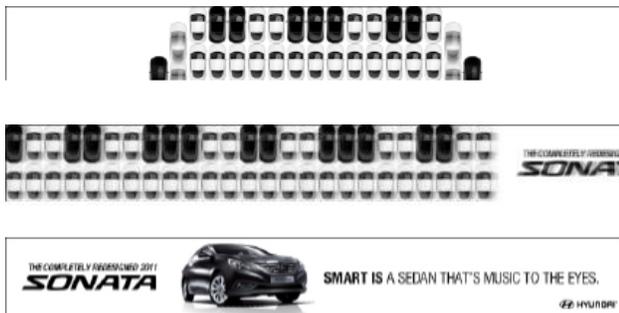
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780,591 views
FiveYear
1:38

My YouTube Story: Jon M. Chu
343,539 views
FiveYear
1:40

My YouTube Story: Lisa Lavie
296,847 views

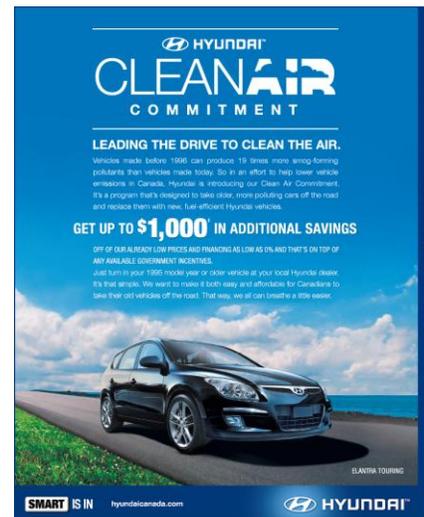
Strengthened Digital Presence – Impactful Display

2009 also marked the year that Hyundai dramatically enhanced its online creative with extensive use of Rich media, pre-roll, paid search and e-mail. This resulted in increased traffic to the corporate website, a business goal. Here is an example of an animated banner and home-page takeover for the all new Sonata that leveraged the “Smart is a sedan that’s music to the eyes” selling idea, using the piano keys visual from the TV and print:



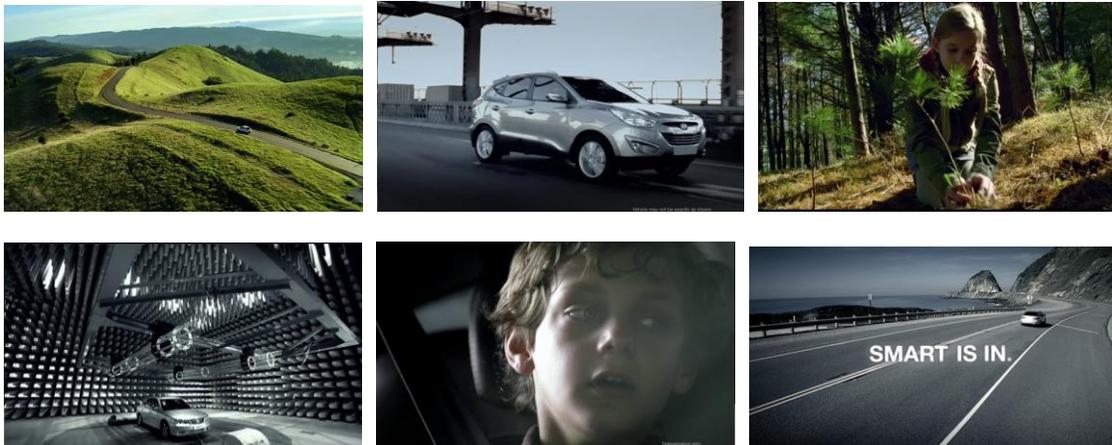
CSR initiatives in Mass Communications

After reviewing the *Consumerology Report* on the environment, we discovered that Canadians placed much higher levels of importance on clean water and clean air than on the broader issue of climate change. With this in mind, we developed an environmental CSR program called the Clean Air Commitment. This encouraged Canadians to trade in their older, polluting vehicles for a new fuel-efficient Hyundai. We brought this to life with newspaper, radio, online and TV. This not only sold cars and helped the environment; it also helped establish Hyundai as a leader in environmental responsibility.



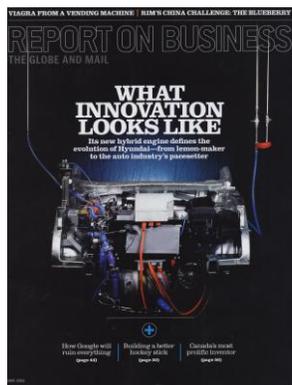
Dedicated Brand Messaging

To punctuate “Smart is in” and reinforce Hyundai’s new-found stature, we developed :60 and :30 brand image TV. This used existing footage, eliminating an expensive and lengthy shoot. In the :60, the copy talks to all the aspects of what makes a Hyundai and the Hyundai driver smart - “Smart is strong, Smart is beautiful, Smart is sexy, Smart breaks new ground Smart is driving a vehicle today that everyone else will want to drive tomorrow”. In the :30, we featured a prominent award for the Hyundai Genesis, Motor Trend Magazines North American Car of the Year.



“Beyond the Auto Section” PR Stories

For most automakers, the majority of PR activity is on the product itself through media and drive events, auto show coverage and so on. Hyundai recognized that there was also a need for non-traditional PR activity to reinforce the fact that Hyundai had arrived. There were great stories to tell - Clean Air Commitment, YouTube response video, Super Bowl sponsorship, and the amazing business success. So Narrative Advocacy Media began an aggressive media outreach program that resulted in significant coverage of an auto leader that had taken its place among the new “Big Six”.



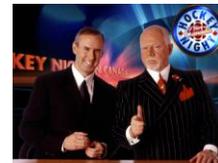
c) Media Discussion

We developed a number of unique media “firsts” to further bolster Hyundai’s brand perception. Examples as follows:

High profile media sponsorships

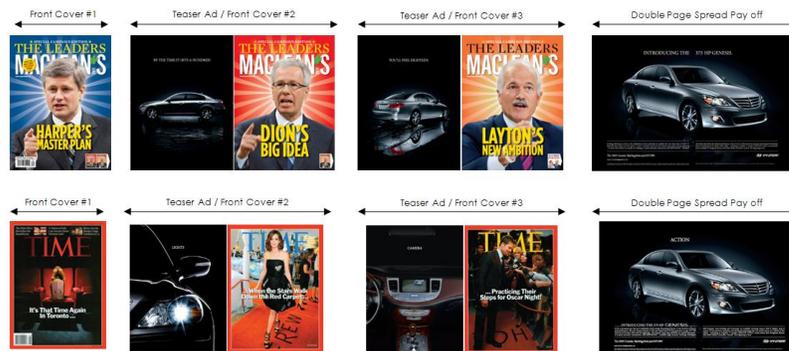
Agency research showed that brands who sponsor prominent properties are regarded by consumers as “leaders in their industry” and “companies you can trust”. So media sponsorship became a key element to Hyundai’s leadership strategy with two primary objectives:

- 1) Associate the brand with a prominent Canadian entity to reinforce the brand's "Canadian-ness". In a real coup, Hyundai became the premier automotive sponsor of arguably the most Canadian of all properties - Hockey Night in Canada.
- 2) Sponsor other premier North American properties. Again Hyundai aimed high and for the first time, became the exclusive auto sponsor of the Canadian broadcast of the Super Bowl.



Unique Formats - Multi-Cover Magazine

We worked with nine magazines, and arranged for them to run three actual front covers to support the Genesis Sedan launch. The creative was designed around the three-page message and highly impactful.

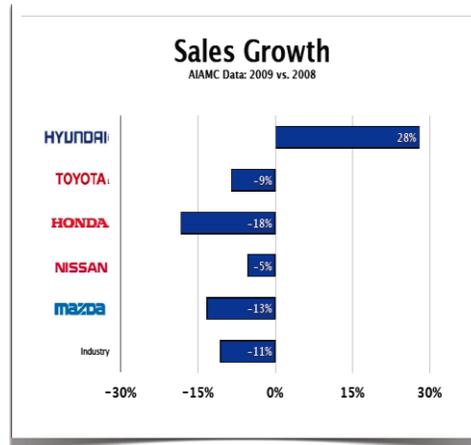


Section V - BUSINESS RESULTS

It's been well documented that the automotive category in Canada was hit hard by the recession. Cars, particularly inexpensive cars, were not selling despite aggressive incentives. Yet sales results for Hyundai in 2009 were nothing less than staggering.

Double digit growth in a category down double digits:

Hyundai Auto Canada had their best selling year in the company's 25 year history in Canada in 2009, setting a new sales record and selling over 100,000 vehicles for the first time ever. Total 2009 sales were 103,233 a +28% increase VYA, well ahead of the incoming goal of 88,000 units and far outpacing other brands. Hyundai also outperformed the industry by close to 40 points.



Increased Market Share

Share grew from 4.9% in mid 2008 to 7.3% at the end of 2009, far exceeding the 5.5% share goal. Moreover, Hyundai moved from being the 6th largest import brand to the 3rd largest, propelling it ahead of Nissan & Mazda. Overall it now ranks #6 firmly establishing it as part of the new “Big Six” auto brands in Canada.

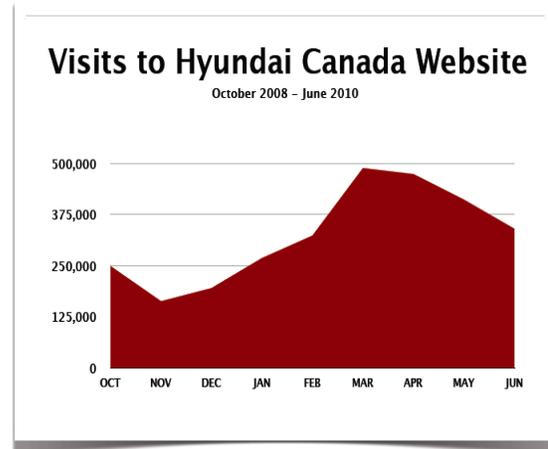
	09 Sales Increase	Incremental Units Sold	Growth in Market share
Hyundai	+28%	22,601	+2.4%
Mitsubishi	+6%	1,147	+0.3%
Subaru	+15%	3,142	+0.4%
BMW	+2.9%	826	+0.3%
Mercedes	+11.7%	2,826	+0.3%

Success unique to Hyundai

While a handful of manufacturers, (e.g. Mitsubishi & Subaru), were also able to increase sales, none experienced the volume & share growth that Hyundai did. Luxury brands BMW and Mercedes have also managed increases, but are largely selling to a segment (the affluent) who have not been as impacted by the recession.

Increased Traffic to hyundaicanada.ca Website.

Traffic to www.hyundaicanada.ca 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 site in 2009 have been considerably higher vs. 2008 consistently. Prior to the launch of “Smart” Hyundai averaged 192,139 visits per month. In 2010 the trend continues with web traffic regularly exceeding 525,000 visitors per month.



What makes this story so dramatic is that it all happened within a year and so far 2010 is shaping up to be another record breaking year. YTD sales through June are up +18.6 VYA, with 62,214 vehicles sold to date.

Section VI — CAUSE & EFFECT BETWEEN ADVERTISING AND RESULTS

Many have argued that during times of recession, inexpensive cars will sell. In fact the opposite has been true. Distressed manufacturers such as GM, Ford and Chrysler, long considered “value” brands, saw their sales drop. Other manufacturers reduced prices and bolstered incentives, yet none grew as fast as Hyundai.

Hyundai has been selling inexpensive cars in Canada for 25 years but never at this pace. That Hyundai is up so significantly in an industry that is significantly down tells us that this is a brand story and not just a function of price. 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 Hyundai’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% by the end of 2009. To put this into perspective, a +2.4 point share gain is more than the total share of car companies like Mitsubishi (1.4%), Subaru (1.4%) and Volvo (0.5%). Furthermore, in 2010 the “Smart is in” campaign continues and share has hovered around 7%, reaching as high as 8.5% in the spring.

Hyundai – % Share of Market

AIAMC Data: July 2008 – June 2010



Sales Growth

Over the course of the campaign, Hyundai’s year over year sales growth has outpaced the industry 14 times. 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.

Sales Growth vs. Industry

AIAMC Data: October 2008 – December 2009

	Hyundai (% Diff VYA)	Industry (% Diff VYA)
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%
July '09	+38	-6%
August '09	+38	-8%
September '09	+31	-4%
October '09	+43	-1%
November '09	+26	-3%
December '09	+37%	+18

Growth Despite Reduced Investment

When brands see this type of growth, one would assume that they bought their way to success. In Hyundai’s case the opposite was true. Investment went down.

Share Growth (+2.4%)

Market Share: **4.9%**
2008

Market Share: **7.3%**
2009

Sales Growth (+28%)

Units Sold **80,632**
2008

Units Sold **103,233**
2009

Ad Spend (-24%)

Success Unique to Canada

The success that Hyundai Auto Canada experienced was not globally universal. Hyundai Motor America grew, but not at the same rate as Canada. Our market share is three percentage points higher than in the U.S. and our sales volume is a quarter of that in America. Quite an accomplishment for Canada which sells in a market with about 1/10th of the population.

	2009 Sales (Jan-June)	% Change vs Same Time last	Market Share
Hyundai Auto Canada	103,233	+28%	7.3%
Hyundai Motor America	435,064	+8%	4.2%

In Conclusion

By communicating the right positioning for the times and acting like a leader, Hyundai was able to take advantage of the current economic climate and not only sustain but dramatically improve demand.

END