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Chrysler Minivans: The New Originals. The Launch of the 1996 NS Series.

EXECUTIVE SUMMARY

*'The objective of all advertising is to buy new customers at a profit. Learn what your customers cost and what they buy...
spend all of your ammunition where it counts.'*

Claude Hopkins—Scientific Advertising (1923)

The launch of a new product is inherently risky. The risk is even greater when the new product replaces a highly successful one. In packaged goods, famous brands reformulate at their peril. Yet even when a reformulation goes spectacularly wrong – as for example with New Coke – an adroit marketer can, with time, return things to their pre-gaffe status.

The automotive market is not like that. You must dismantle entire production lines. You must invest billions in the design, development and production of the new entrant. You must sell out existing product, so that dealers aren't left with obsolete stock. You must price to recoup your investment, sometimes in a market that has turned stone cold. You must stoke-up demand for the new model. And you must do all this in the teeth of fierce competition, without losing unit sales, share or profitability.

This paper describes the launch year of the new generation of Chrysler Minivans – the 1996 NS Series. It shows how advertising directly generated sales and profitability for Chrysler Canada and its dealer network.

The NS series was launched in September 1995 into a market with overall sales down 6% and minivan sales down 2.5%. In the face of this, results were unprecedented. The NS delivered +26% in unit sales, with a further +15% in the average selling price. Combined, this meant that dollar sales were up 45%, and this was against stiff competition, in an anaemic economy.

SITUATION ANALYSIS

Chrysler invented the minivan, and had been the undisputed segment leader for ten years. By model year MY 95, however, Chrysler had lost momentum to Ford. The Windstar sported a more contemporary design, and the line-up of Windstar, Aerostar and Mercury Villager offered three vehicle styles to Chrysler's one.

The depressed market was making business tough. Total 1995 automotive units were down 6%, and the minivan segment was down 2.5%. In addition, consumers were in no mood to pay more – with Chrysler's annual price increase averaging just +1.7% for minivans through the 90s. Total minivan brand advertising had been cut by nearly 40%, as 1995 marketing effort was shifted to dealer bonusing and consumer rebates. Chrysler, a past master at such tactics, was holding business against Ford, while other minivans were declining – Table 1

This was hardly the ideal environment for a major new launch.

The Minivan Owner

Despite Windstar's aesthetic appeal, and minor differences between makes, the active buyer saw most minivans as functionally equal. Price had become a swing factor in model choice – with rebates, promotions and lower levels of brand advertising probably compounding the perception of product parity.

Minivan owners tended to represent themselves in focus groups as pragmatic. The vehicle, they claimed, satisfied a practical need for easy family transportation. It was a tool, devoid of real personal gratification:

'It's like my most expensive household appliance.'

This matched their view of Chrysler: low-priced North American functional transportation, and the best value of the three majors: 'Exciting deals on boring wheels.' This apparent lack of emotional involvement seemed to underscore the pre-eminent role of price.¹

The NS Product

Chrysler's pre-launch research concentrated on practical design innovations, and four functional improvements emerged as the key news stories:

- Increased interior space
- Improved driver and passenger visibility
- Easy roll-out rear seat
- A driver's side sliding door – but as an option only.

In combination, consumers said, these improvements would heighten their interest in the new NS. Note however that they were not overly excited by the fourth (sliding) door – which was why it was offered as an option only.

THE MARKETING AND ADVERTISING CHALLENGE

The marketing objective was to grow volume by 10 percent and increase profit per unit. This challenge was that in a fiercely competitive and non-inflationary environment, we had to increase volume leadership and sustain a price premium when the market increasingly relied on price and promotion; the NS needed a 10% price increase at retail just to recover increased product costs; and Chrysler was seen as a low-price provider.

Advertising had to create interest in the product, and deliver a premium perception.

STRATEGY AND EXECUTION

The minivan is popular because it makes the driver's life easier. But since Chrysler had launched it, nobody had added appreciably to the concept of a seven-seater vehicle with a sliding door on the passenger side.

What did we know about buyers? They tend to be middle income parents. That said, disposable income is always under pressure. To change or replace the family vehicle is a major decision, usually extending over several months, and shared fairly evenly between husband and wife. They balance a long list of calls on the family budget, and sacrifice self-image to the practical needs of their passengers. As one driver said:

'You thank heaven for it when you get into it and when you get out of it, but rarely when you're actually driving it.'

Owners said they were pragmatic. But were they? Then came the insight:

They aren't pragmatic because they want to be, but because they have to be.

From the outset, Chrysler challenged the advertising to build emotional insulation around the new product

features – because competition would eventually be able to match them. Emotional appeal would add value, and justify a significantly higher price point.

At that time, most minivan advertising promoted price, finance deals, and comparative features and options. Tempting as it was to follow this lead and hammer home our product features in comparative retail advertising, this would not create emotional pull. We needed 'New Advertising' to alter the value-for-money perception, and build a relationship between vehicle and owner – to say something positive to owners; about who they are, their attitudes to people, and to life. Here lay true added value. After all, one thing about minivan drivers is that they are rarely alone!

Retail advertising would eventually be required, but the initial priority was brand advertising, with the following strategy:

Promise

We've built more practicality into our minivan so you can get more enjoyment out of owning it.³

Support:

It's the latest in a line of excitingly designed vehicles that will challenge your expectations of Chrysler.

It has practical improvements to make life easier.

It's a social space for people who know how to have a good time.

Creative Execution

We developed a three-phase launch, with television, print and outdoor.

Phase One used the line 'We know no limits' in a :60 Corporate spot. It showcased the NS as the latest in an impressive line of introductions, re-shaping Chrysler's image from price to innovation and quality. This spot, supported by print, ran for four weeks in August 95, to build and sustain the momentum created by PR activity.

Phase Two launched the four product changes in September 95 with the theme 'The New Originals.' Creative emphasized the human benefit and social interaction. Settings covered a range of drivers and practical encounters – to avoid the stereotypical 'Sad Dad' and 'Soccer Mom'. Four commercials rotated equally for 16 weeks, supported by print: (see [Figure 1.](#))

'Windows :60' Increased Visibility

'Starry Night :60' Roll-out seats

'Groceries :60' Fourth Door

'Hockey Reunion :60' Interior Space

Then, as we prepared for Phase Three, consumer feedback gave unexpected food for thought. Despite their ambivalence to the fourth door in pre-launch research, the advertised demo had clearly caught their imagination. 'Groceries' was by far the best recalled commercial and dealers reported unexpectedly high fourth-door sales. In the words of one consumer: *'It's like the TV remote. When it's there, why wouldn't you want it?'*

This led to a far-reaching decision. We would concentrate Phase Three on the fourth door, even though it was only an option, and at the high end of the NS price range.⁴

We produced 'Snowball :45' and 'Spray for Mercy :60' on the fourth door, and reduced advertising on the other product features. In Q1 MY97, we added 'Motorbikes :30' (the first retail advertising) still on the fourth door, with the theme 'You Can Pass Through It But You Can't Pass It Up'.

MEDIA

TV was the lead medium. The overriding consideration was to win the audience emotionally, and we sacrificed frequency to get that response. Despite a launch budget 18% lower than previous year's, Chrysler agreed to a launch based on :60 commercials.⁵

Television was supported by outdoor boards in and around major urban arterial routes, and magazine ads to detail the product improvements.

RESULTS

Sales outstripped the 10% objective. Despite heavy competitive discounting, unit volume grew 26% versus year-ago, and share of market increased 17%. Share of the minivan segment grew by 7%, equivalent to 3.0 full share points – Table 1. This was an all time record model year.

TABLE 1: VOLUME AND SHARE VS YEAR AGO

	Base Year	Case year
	MY 1995	MY 1996
Unit Volume		
Chrysler minivans	-0%	+26%
Share		
Chrysler Minivans:		
Share of Market	+5%	+17%
Share of Segment	+2%	+7%
Ford Minivans:		
Share of Market	+3%	-3%
Share of Segment	+1%	-8%
Other Minivans		
Share of Market	-0%	+7%
Share of Segment	-5%	+3%

Source: Registered Vehicle Sales (Retail) R. F. Polk

Even more significantly, dollar sales grew 45% – with a 15% increase in average price per vehicle on top of the 26% volume gain. The 15% price increase is well ahead of the 1.7% average through the 90s – Table 2.

TABLE 2: EFFECT OF PRICING ON TOTAL NS \$ SALES

1995 Average Price	\$24,390
1996 Average Price	\$28,746
NS Price Change 96 over 95	+15%
NS Unit Volume 96 over 95	+26%
NS \$ Sales Increase 96 over 95	+45%
Chrysler Avge Annual Minivan Price Change: MY 90-95	+1.7%

The NS growth was intrinsic to the new model, and not due to market, segment or corporate growth. At +26%, it drove the market, segment and corporate figures, and not the other way around – Exhibit 3.

TABLE 3: COMPARISON OF NS SALES GROWTH

MY 96 Units Versus Year Ago

Ns Minivan Unit Sales	+26%
Total Passenger Vehicles	+9%
Minivan Segment Sales	+18%
Total Chrysler Corporation	+10%

Other evidence of the intrinsic strength was the ratio of seasonal troughs to peak sales. A strong brand has a lower ratio, because of high peaks, and a slower than average decline to the troughs. The NS cut the historical ratio in half – Table 4.

TABLE 4: TROUGH VERSUS PEAK COMPARISONS

% Sales Decline	Low Qtr vs. Peak Qtr
Average of Model - Years 1992-1995	-41%
NS Results for MY 1996	-20%

NS growth was similar across English Canada with a similar advertising plan in all regions. This confirmed the campaign's fundamental appeal. Using regional volume data from R. F. Polk, Atlantic was +15%, Ontario +18%, and the West +23%.

Resulting sales efficiency was outstanding. Chrysler's equivalent of the A/S ratio – the media cost per vehicle sold – dropped 35% for the NS launch. For the rest of the Chrysler line it was basically flat.

Financial Implications

Although it is difficult to quantify exactly how much the advertising added to revenues, it can be noted that the +45% dollar growth translates to +\$520 million in sales, with \$210 million coming from the increased pricing, and the rest from increased volume. For an advertising investment of less than \$10 million this is a handsome return.

ISOLATING ADVERTISING AS THE VARIABLE

Isolating the direct contribution of advertising to vehicle sales is difficult in the automotive market. Demographic trends, the economic climate, and consumer confidence are all uncontrollable variables. The influence of dealers must also be recognized. Advertising can get buyers to the showroom in a predisposed

frame of mind, but it cannot make the sale alone. Even so, there are four clear pieces of evidence for the causative role of advertising in the NS success:

1. The advertising was noticed; it influenced purchase intent; and it strengthened the brand image in the ways intended.
2. Dealers were able to significantly increase prices in a segment that had previously been a price-driven buyer's market.
3. There was a lockstep correlation between sales of the higher-value 4th-door option and the shift to 4th-door creative, particularly with the price-conscious buyer.
4. Advertising spending level was not a contributing factor.

1. Advertising Breakthrough

Tracking waves ran from August through October 95, with a pre-wave in July. There were significant increases in unaided and total advertising awareness – Table 5. Purchase Intent increased – Table 6. So did key Brand Image scores – Table 7.

TABLE 5: NS ADVERTISING AWARENESS

	Pre-Wave	Average For Weeks		Peak
	July 95	1-4	5-10	Week 7
Unaided	34%	37%	43%	48%
Total	52%	55%	61%	60%

Week 1 is August 1, when Corporate TV started. NS product ads launched in week 5 – Sept 1. (Note: The NS had heavy PR and press coverage before the launch, starting with the SpringAuto Show. Its main effect is seen in pre-wave measures.)

TABLE 6. PURCHASE INTENT FOR THE NS

% Respondents	Pre-Wave	Peak	
	July 95	Week 7	Diff
Very/Somewhat likely to buy	33%	41%	+8
Very/Somewhat unlikely to buy	66%	57%	-9
Difference	-33	-16	+17

TABLE 7 : IMAGE SCORES (BY AWARENESS OF NS ADVERTISING)

	Aware	Not Aware	Diff
Only Minivan with 2 Sliding doors	45%	32%	+13%
Easier Seat Removal	29%	21%	+8%
Improved Visibility	28%	19%	+9%
Improved Comfort	28%	19%	+9%

(Source: Chrysler Tracking – Gallup.)

Results reflect all four product ads in equal rotation. Note the '4th Door' strength.

2. Effect on Pricing

The campaign strengthened dealers' negotiating positions (and thereby the selling price) by improving three attitudes prevailing before the launch:

- Consumers were not inclined to be priced up by a Chrysler product, because of the 'price' image.
- They were not predisposed by previous behaviour. The average annual increase for Chrysler minivans in 1990-95 had been just 1.7%.
- They had responded adequately (but not ecstatically) to the NS improvements in pre-launch testing – certainly not at a level to sustain prices averaging +15%.

3. The 'Fourth Door' Correlation

When the campaign focus shifted, fourth door sales increased sharply. This was particularly noticeable in the Base Line models, which ordinarily appeal to the price-conscious buyer. With the launch of 'Snowball', fourth door sales started to climb, ultimately reaching 45% of the mix – in spite of the premium price. Even with High-Line buyers (willing to pay), sales grew to a remarkable 93% of the mix – Table 8

This is a sales shift (at a premium price) for a feature that had only done adequately in pre-launch research. It can realistically only be explained by the desire created by the fourth door advertising.⁶

TABLE 8: GROWTH OF 'FOURTH DOOR' SALES

MY 96-97	Q1	Q2	Q3	Q4	Q1	Q2
% of Base Line Model Sales	6	4	12	18	35	45
% of High Line Model Sales	78	86	89	95	92	93

4. Advertising Spending Level was not a Factor

In MY 95 (the base year) Chrysler minivan advertising was down 33%, and in the launch year (MY 96) it was down another 18%, so there was clearly no spending momentum. Nor was there a share of voice advantage. It declined from 2.1% in the base year to 1.9% for the launch.

TABLE 9: MEDIA SPENDING DATA

	MY 1995	MY 1996
Chrysler Minivans	33%	-18%
Share of voice	2.1%	1.9%

Source: A.C. Neilson

CONCLUSION

This launch made key decisions at every level:

- In targeting, by not accepting the 'pragmatic' consumer at face value.
- In creative strategy, by insisting on emotional pull.
- In business strategy, by shifting emphasis to the fourth door option.
- In media strategy, by using :60 TV despite a reduced budget.
- In creative itself, by breaking the category conventions.

All of this earned spectacular business success, and the CASSIES Grand Prix.

ENDNOTES

Very few of us will launch a new product on the automotive scale. Even so, the case has many pointers for launches in general, and they are footnoted on the appropriate pages.

1. Digging for Insight. Chrysler and BBDO did not take this 'pragmatic' attitude at face value. See Strategy Development
2. Breaking conventions. New Advertising was one of many instances. See Conclusions for a summary.
3. Adding emotional pull to functional benefits.
4. Opportunism after the launch.
5. Noteworthy media. Using TV :60s, even with a reduced media budget.
6. Plussing the Strategy. See also Philadelphia Cream Cheese, where 'Heaven' delivered much higher growth than research had predicted for the strategy.

Note: the creative in this case was also recognized in a number of significant Awards Shows. The biggest winner was 'Snowball', winning Gold at the New York Art Directors show, the International Advertising Festival of New York, the Hollywood Broadcasting Awards, and the Advertising and Design Club of Canada awards. It was also a winner at two of the most prestigious international awards shows: Communication Arts, and the One Show. It was the only Automotive entrant recognized at the 1997 Marketing Awards, with a Silver Medal.

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NOTES & EXHIBITS

FIGURE 1: NS LAUNCH AD AWARENESS BY SPOT

