2011 AME Awards

Lexus Submission: Leading By Example

Category 02: Autos/Automotive Products
Category:
02. Autos/Automotive Products

Campaign Identity:
Brand Name:
Lexus

Generic Name for Type of Product:
Luxury Automobiles

Brand URL:
Lexus.com

Campaign Title:
Lead By Example

Category:
Automotive

Campaign Start/End:
03/06/2010 to 07/30/2010

Advertiser:
Lexus

Advertising Agency:
Team One

Target Audience:
Change-Makers. People who are unconventionally wise, constantly pursuing achievement, culturally connected and motivated to purchase when there are reasons to act in line with their heart’s desire (rational supports fueling their emotional interests). Adults 25-54. HHI $100,000+.

Account Executive/E-mail:
Renee Brown
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Country of Entry:
United States

Confidentiality Request:
Yes. This is confidential information for judging use only.
Creative Executions:

First News Cycle/Hybrid Innovation…
• TV: “Milestones”
• Online Banners: “Milestones: 5.5 Billion Miles”
• Current TV On-Air Promotion: “Milestones: Celebrating Innovation in Action”

Second News Cycle/Performance Innovation…
• TV: “Pitch”
• Print: “Pitch: Virtuoso”
• YouTube Content: “Pitch: Behind-the-Scenes”

Please see pages 9-14 for full creative executions.

Campaign Scope:

The *Lead By Example* campaign was a fully integrated, national campaign that ran in the United States. The campaign was pervasive in response to two growing and pressing concerns: media questions surrounding the relevance of luxury brands in time of recession and larger questions surrounding trust and reputation in Lexus, and their parent company Toyota, related to recalls.

Strategically, the campaign was aimed at Change-Makers. Change-Makers are unconventionally wise, constantly pursuing achievement, culturally connected and motivated to purchase when there are reasons to act in line with their heart’s desire (rational supports fueling their emotional interests). They are adults 25-54 who make, on average, a household income of $100,000+.

Privately, we addressed Lexus owners on a one-to-one basis. Publicly, we pursued Change-Makers because brands looking to lead change need to align with people who are champions of change. So, while the times may have called for the brand to retrench, Lexus took a far more progressive stance in driving change and being forward looking versus strictly defending its past.

Target Markets:

Within a single country.
National.

Campaign Purpose:

Rejuvenation of a brand.

Cost of Campaign:

Over $25 million.
Campaign Summary:

Imagine selling luxury goods during a recession when satisfying needs is more important than catering to desires. Imagine selling luxury automobiles not only during recession, but at a time when your brand is under scrutiny from the government, media and consumers for perceived trust and quality issues. Imagine being a foreign brand trying to achieve sales goals at a time when the domestic market is rooting for its local brands to succeed at your expense. If you can imagine this situation, then you can appreciate the reality that Lexus faced in the United States at the start of 2010 when the recession was lingering and recalls were, seemingly, becoming the norm.

Having been the luxury leader for the past 10 years, Lexus started 2010 with lofty goals. But with the realities described above, the prognosis for ongoing leadership did not look good. To help mitigate the fall, there was pressure to default to some pretty conventional solutions: focus on small improvements that made a big difference; focus on sales events; focus on being humble. Versus capitulating, and bolstered by research, Lexus would take an alternate route. The brand created a changed conversation around a halo strategy, a perpetual news cycle of information, media that was part of the story and creative that proved instead of claimed leadership.

Lexus could have taken less risk with marketing at a time when taking risk was not popular. But as is often the case, less risk meant less reward, and it meant giving up on the goal of retained sales leadership. This is why Lexus made courageous choices and took bold action. Consistent with the launch of its Lead By Example campaign, through the first seven months of 2010, Lexus has maintained the dominant number one position in the marketplace.

Marketing Context:

By the end of 2009, Lexus had, once again, claimed leadership in the domestic marketplace. More specifically, for the 10th consecutive year, Lexus sold more luxury vehicles in the United States than any competitive luxury brand including its key European rivals Audi, BMW and Mercedes-Benz. The problem was that by the start of the new year, the brand’s key claim to leadership, sales volume, was about to be severely threatened. Why? Because past the lingering recession, which had already reduced total sales volume in the luxury segment of the auto industry and forced all manufacturers to get much more price competitive, Lexus’ parent company, Toyota, was announcing “stop sales” and substantial product recalls.

The brand that earned a reputation for producing the highest quality products in the automotive industry was now under attack – facing government, media and consumer scrutiny – for betraying a trust. At a time when every other luxury competitor only had to make the case for why they were not a wasteful purchase in recessionary times, Lexus would have to additionally make the case for why they were not a risky choice at a time when nobody wanted to take on risk. And, while in a different economy there may have been public enthusiasm for supporting a comeback story, the American marketplace was very happy to see one of the dominant foreign competitors take a fall while the domestic automakers were, themselves, trying to rebound from economic hardship.

In total, to retain volume leadership in 2010, Lexus would have to make the case for buying into the luxury category and explain why buying dreams was relevant at a time when satisfying needs was a high priority. And Lexus would have to remake the case for buying into its brand when trust was being routinely called into question. This wasn’t going to be a case where subtle solutions were going to be enough to turn heads, or conventional marketing solutions were going to reshape Lexus’ fortunes. Waiting things out or taking no action were also not options given the negative impact on brand equity measures. The only path forward was to take bold, decisive action, and to lead with new behaviors more than old words. Success would be the result of leading change by example.
Campaign Planning:

There were three critical evaluations that we conducted on the road to identifying a successful strategy: a category evaluation (how did other recalled brands respond and fare through their challenges), a brand evaluation (what measures needed to be addressed first to insure success in the end), and a product evaluation (what assets did Lexus have that we could leverage, quickly, to actualize a solution and maintain leadership).

In the examination of category learnings, we uncovered two important studies in contrast. In the 1980s, in the face of reports about automatically accelerating vehicles, Audi was perceived to have taken slow action, prioritizing company sales and profitability above consumer needs. There were related issues of the company not being transparent about the real problems and required solutions. And the American press, including CBS’ “60 Minutes,” scrutinized the brand for misleading the marketplace. As the Center for Auto Safety reported, “Audi sales, which had already dropped about 20% following [the initial bad publicity], plummeted by 60% after CBS’ “60 Minutes” broadcast aired [in 1986].” In contrast, in the late 1980s, Lexus quickly recalled all 8,000 flagship LS vehicles sold after only two customers complained privately, not publicly, about a smaller issue related to wiring and brake lights. In only 20 days, Lexus engineers picked up, repaired and returned vehicles to customers’ homes free of charge. In turn, Lexus received public praise for taking decisive action and for making customers, not near-term profitability, its high priority. Whereas Audi’s perceived inaction gave the press more bad news to report on, Lexus’ decisive action gave the press, and owners, lots of good news to report and to share.

In the examination of brand learnings, we saw the measures of trust and quality suffering the most from the latest recall news. The natural inclination, certainly true to the learning from what Lexus did in the late 1980s, was to pursue a public campaign taking the issues of trust and quality head-on. However, we had two pieces of information in hand that, in 2010, guided us down a slightly different path. First, we ran a correlation analysis to understand which measures had the capacity to give all of Lexus the greatest brand lift. If all we did was get trust and quality back to their same pre-recall levels, we may have stopped the short-term fall, but we wouldn’t have progressed the brand forward. If, instead, we could move the measure of innovation, and prove to the market that we think and act in exceptional ways, we had the potential to move trust and quality at the same time as we were growing brand equity. Second, to test the theory, we conducted primary research to evaluate trust and quality focused solutions versus innovation and leadership based solutions. The research response guided us to address negatively impacted consumers quickly in a one-to-one environment, just as the correlation analysis suggested, and to start seeding good news as well as innovation and leadership based messages in the marketplace at the same time.

In essence, Lexus owners wanted all individual product problems solved personally and quickly. Lexus owners also wanted communications to signal to the marketplace that the brand they had aligned with wasn’t a problem-filled brand, but was a forward-thinking, progressive one. Lexus owners wanted the brand to help them justify their choice to the outside world; to make their purchase envied not ridiculed. Even competitive owners were more motivated to put the brand on their consideration list – propelling future sales – when the brand appeared to be bringing them the future first versus defending its history. This approach was counter to Lexus’ instincts, but, supported by research, it seemed to be exactly the right kind of bold step to take. And according to the lessons learned from examining Audi versus Lexus in the 1980s, the notion of creating good news for the marketplace to report on, in the face of scrutiny, seemed to capture the spirit of what had worked so well for us and not so well for them back then.

Motivated by this thinking, the third and final examination focused on identifying product stories that could immediately change the public conversation about Lexus. Years ago, we would have been content to focus only on small improvements that made a big difference: smoother rides, quieter interiors, tighter tolerances.
But knowing that there would only be news worth talking about if it was big required us to isolate stories that suggested dramatic improvements. We found two of them: advanced hybrid technology that put the competitors to shame and advanced performance technology that propelled the upstart Lexus brand far ahead of the established pack. If we did our jobs right, not only would owners feel that we provided immediate solutions to product issues, but they would feel a very strong sense of pride in aligning with the brand that was changing the face of modern transportation. If we did our jobs right, the public conversation was about to change from “Can you believe the problems with Lexus?” to “Can you believe the products from Lexus!” And if we did our jobs right, we would again create the kind of recall response that would lead by example and give competitive brands something to follow.

Marketing Communication Strategies:

Just as Lexus’ instincts and pre-research analysis suggested that taking the quality and trust issues head-on would be the most pragmatic response, competitors must have anticipated this response too. After all, not only did it seem like the least risky thing to do at a time when taking risks was not an often-pursued strategy, but Lexus’ parent brand, Toyota, took a very humble approach to dealing with recalls. So, whereas the others went to attack our perceived weakness, we entirely changed the game. Immediately, our Lexus brand halo strategy versus anticipated brand humble strategy caught everyone by surprise. And it did exactly what we intended it to do: it started a new conversation about the progressive products and thinking yielded by Lexus.

First News Cycle: In 2010, alternative-fuel vehicles were an increasingly hot topic in the luxury space. Consumers were looking for new solutions to conventional gas options, and competitors were starting to experiment with hybrid, hydrogen and diesel options. What Lexus had on its side wasn’t an experiment with alternative-fuel vehicles but, instead, a real commitment to hybrid as the superior solution. Whereas some of the others had just started to put their first alternative-fuel vehicle on the road, Lexus had introduced its fourth hybrid option. Strategically, this meant that while others were just driving their first miles, we were billions of miles ahead in the race to lead.

The hybrid portion of the Lead By Example campaign kicked off in March with a TV ad called “Milestones.” The copy in the ad captured Lexus’ leadership stance: “When we built our first hybrid, YouTube didn’t exist and Facebook was still run out of a dorm room. When we built our first hybrid, more people had landlines than cell phones. And gas was $1.75 per gallon. And now, while other luxury carmakers are building their first hybrids, Lexus hybrids have traveled 5.5 billion miles. And that’s quite a head start. This is the power of h. This is the pursuit of perfection.”

Second News Cycle: The hybrid leadership work put pressure on the others to catch-up. And just when we started seeing more Audi, BMW and Mercedes-Benz work appear on the subject of alternative-fuel vehicles, Lexus, again, changed the conversation. This time, we moved onto a progressive point of view on the subject of high-performance vehicles. We built communication that focused on the performance innovation that was achieved when Lexus partnered with Yamaha to create an engine note so powerful and precise that, when sustained, it had the capacity to shatter a champagne glass. This was significant since the champagne glass had become a popular, iconic image to personify Lexus’ once soft, quiet and stayed luxury persona.

The performance portion of the Lead By Example campaign kicked off in May with a television ad called “Pitch.” The copy here, as in “Milestones,” clearly spoke to the brand’s leadership: “We gave it [the LFA], the power of a super car. Then we gave it the precision of a Lexus. And in turn, wrote a new definition of what’s possible for an automobile. This is the pursuit of the impossible. This is the pursuit of perfection.” So, we didn’t spend much time on humble public apologies for perceived product shortcomings. Instead we dared the other brands to keep up.
Before we created and implemented our marketing strategy, there was real concern at the start of the year about the brand’s short-term ability to contend with government, media and consumer attacks. By the time early summer had arrived, it appeared as though the competitors were now on the defensive. We focused on ideas that haloed over the entire brand, focusing on low-volume vehicles with high-image impact. We created a perpetual cycle of information that behaved more like how magazine publishers got their stories out, creating regular news, versus how car marketers typically behaved, advertising news only when it was naturally available. We turned the pursuit of perfection from a statement about quality, into a conversation about hybrid innovation and performance innovation. And we gave Change-Makers new ideas, progressive ideas, to believe in. We didn’t just talk about change through communication, we noticeably proved it.

Media Strategy:

Consistent with the imperative to lead by example and the marketing strategy to create our own news that would get Change-Makers talking, media had a focused plan. The goals of the plan were threefold: be in highly visible places so that our news could compete with the news that mass media had been perpetuating; be in places that were new for Lexus so that our actions even more than our message suggested something new to talk about; be in places that were new for the entire luxury automotive segment so that our actions left competitors feeling left behind.

In practice, achieving these goals meant that media spent a high percentage of dollars in mass channels such as television and print. It meant augmenting these channels with highly visible takeovers on MSN and Yahoo! homepages. And it also meant spending aggressively in modern places and spaces like Pandora (where we created a Lexus-first audio ad-free day), GQ (where we created the first-ever interactive iPad ad), Current TV (where we created a Lexus-first viewer-generated campaign celebrating innovation in action), and in cinema (where we created a first ever Lexus 3D commercial out of the “Pitch” ad already described). In fact, “Pitch” made its 3D debut in front of M. Night Shyamalan’s film, “The Last Airbender.” So, here, we wound-up telling an impressive story about performance innovation, brought to life using advanced 3D technology, attached to a film made by one of the modern-day masters of story and cinema technique.

By design, the media behavior was as much a part of the story that we were trying to tell as the messages about hybrid innovation and performance innovation. And the action of stepping out into places that, while sometimes new for the brand, were spaces where our change-making target was naturally spending time, gave Lexus every opportunity to connect when many thought that was not possible. The media strategy, like the marketing strategy, had elements of boldness and risk attached to it too. This wasn’t just the same-old play-it-safe, plan. This was the make-news, get-noticed plan for helping to lead change and spark conversations in the marketplace.

Creative Strategy:

To put the creative strategy into context, it is worth quickly revisiting the marketing and media strategies. From a marketing perspective, the Lead By Example campaign was focused on leading with halo ideas, not humble apologies, as part of creating a perpetual news cycle. From a media perspective, the goal, in part, was to make media selection a part of that chain of news. In turn, the creative strategy was to similarly demonstrate leadership more than simply to say it. Why? Because a highly skeptical set of consumers would likely dismiss broad claims when authorities were questioning the very integrity of the company making those claims.

For “Milestones,” instead of just claiming, “we are leaders,” the creative department did the research and the math to bring to life exactly how much of a head start Lexus had over its competition in making exceptional, not experimental, hybrid vehicles.
At the time of launching the campaign, Lexus vehicles, globally, had traveled at least 5.5 billion miles or, as our online banners and print ads further quantified, enough times to circle the earth 220,884 times and further than the length of every paved road on earth. For “Pitch,” instead of just claiming the engine note as impressive, the creative department again did the research, here with help from the USC Physics Department, to prove the ability to shatter a champagne glass when the note was sustained for an extended period of time. Then, to contend with disbelief, they shot the experiment and described the conditions in a behind-the-scenes segment that was posted to YouTube for the world to see. In the first instance, we summarized the work by saying, “This is the power of [this is the power of action]. This is the pursuit of perfection.” In the second instance, we summarized the work by saying, “This is the pursuit of the impossible. This is the pursuit of perfection.” In every case, we focused on the impressive facts, not broad claims, to prove innovation and to lead by example.

Not coincidentally, creatively, we also started to make overt associations between Lexus and other leading brands. So, in “Milestones,” we hear the story about how Lexus was making hybrids when “YouTube didn’t exist and Facebook was still run out of a dorm room.” In “Pitch,” and its related campaign elements, we began to hear the story about how Lexus partnered with Yamaha to create an exceptional-sounding engine note. And all of these comparisons served as consumer and media sound bytes that replaced, for the near-term, over-used associations between Lexus and its parent brand. In total, the stories we seeded were fact-based examples of how Lexus, a leading brand, continued to lead through pioneering and change-making. This wasn’t a campaign rooted in half-truths. It was the opposite. It was a campaign based upon the inspiring truths Lexus wanted Change-Makers to hear, revealed in ways the mainstream media had not been reporting on due to the Toyota recalls. It was emphatically a prove it, don’t just claim it, campaign.

Please see pages 9-14 for full creative executions.

Evidence of Results:

At the outset, we established that Lexus’ claim to leadership has been rooted in selling more luxury vehicles than any of its near competitors; having achieved 10 years of consecutive sales leadership by the end of 2009. We further established that to retain volume leadership in 2010, Lexus would have to make the case for buying into the luxury category and remake the case for buying into its brand. Our primary solution? For Change-Makers, change the conversation from one about trust and quality to one about innovation and change-making; clearly distinguish luxury and Lexus as special again. So, how did we do? How successful were we in achieving our goals?

People Noticed: Over the first two news cycles, people noticed that Lexus was saying something different and acting, and behaving, in a different way too. As tracked by Phoenix Research, in our monthly tracking study, Lexus saw two significant spikes in innovation scores. Following the launch of the “Milestones” integrated campaign elements, innovation scores jumped to highs of 66% in April and, again, back to 66% in June following the launch of the “Pitch” materials. As our correlation analysis and supplementary research indicated, this positive move in innovation scores also had the corresponding impact of stabilizing quality scores. Lexus had quality scores that improved +7% in April vs. the prior month, and +8% in June vs. the prior month. This put us in a statistical tie with a very healthy BMW brand: 78% for Lexus and 79% for BMW in April; 76% for Lexus and 76% for BMW in June.

People Talked: Not only were people noticing, but they were actively talking about the change too. As tracked by AC Nielsen’s Buzzmetrics, share of buzz for Lexus significantly increased between March and July (during the first two campaign news cycles). Buzz increased by 11% during this time. Key to the positive attention were the views, and comments, the “Milestones” and “Pitch” broadcast elements were generating on YouTube.
“Milestones” generated more than 30,000 views, the behind-the-scenes “Pitch” footage also generated 30,000 plus views, and the “Pitch” TV ad has set the record for all Lexus communication with more than 746,572 YouTube views. And all of this matters when you note that the typical Lexus had, historically, achieved no more than 10,000 views and comments on the same video site over the same length of time.

**Lexus Leads:** All the attention and discussion has, to this point in time, translated into sustained leadership. As of the end of July, Lexus market share is higher than a year ago and before recalls began: 19% market share in July 2010 vs. 18% in July 2009. Sales are also higher for the brand versus a year ago: 115,516 vehicles registered, with Polk, as of July 2010 vs. 100,262 in July 2009. Heading into the last third of the year, Lexus was still the best-selling luxury automotive brand in the United States.

While having gained confidence from a well-researched, well-thought-out, plan there was always the risk that taking a brand halo approach could have failed. Big risks yield great reward, but they also, sometimes, yield dismal failure. With that said, consider that since the start of the year there were four recalls, four stop sales and a fatal, albeit driver-initiated, accident that occurred overseas involving a chief engineer. Had we taken the more expected route and humbly apologized in mass communication for the first recall, we would have wound up having to do the same thing on seven or eight more occasions. We would have become the apologetic brand desperately trying to hang onto its past. By acting in an unconventional way, by changing the conversation, creating a perpetual news cycle, creating media that was a part of the story and proving our leadership, we achieved an entirely different result. In turn, the next time an auto brand suffers a recall and they look for how to act, they may find themselves reading this case study. Because, by design, we aimed to here – as always – be the brand that leads by example.

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FIRST NEWS CYCLE/HYBRID INNOVATION:
TV: “Milestones”
FIRST NEWS CYCLE/HYBRID INNOVATION:

Online Banners: “Milestones: 5.5 Billion Miles”

Please refer to zip file for larger image
FIRST NEWS CYCLE/HYBRID INNOVATION:

Current TV On-Air Promotion:
“Milestones: Celebrating Innovation in Action”
SECOND NEWS CYCLE/PERFORMANCE INNOVATION:
TV: “Pitch”
SECOND NEWS CYCLE/PERFORMANCE INNOVATION:
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YouTube Content: “Pitch: Behind-the-Scenes”
Credits:

TROPHY:
Entering Company:
Team One
Advertiser:
Lexus
Brand:
Lexus
Title:
Lead By Example

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