

## **Audi utilises social media**

In this increasingly globalised world, companies such as Audi must consider the whole world, not just their domestic markets, when it comes to marketing. This creates new challenges when generating a marketing campaign. Some major aspects to consider are, for instance: different market structures; ways of doing business; preferences of potential customers in different countries or regions; and of course the ways in which marketing messages are perceived.[1] Audi's marketing strategy has had to deal with many of these challenges. As part of the company vision to become the number one automotive brand, their strategy has involved repositioning their product and meeting the varying demands of multiple global markets. Audi's 2010 marketing campaign 'The Next Big Thing' was a key element of their repositioning strategy.

## **Audi AG**

Audi is a German automobile manufacturer founded in 1909 in Zwickau, Germany, by August Horch. [\[Read more about Audi's history.\]](#)[2] Today, Audi operates nine manufacturing plants worldwide and employs nearly 60 000 people. In 2010 Audi produced about 1.15 million cars and generated revenue of more than EUR35 billion (approximately AUD43 billion), with EUR2.6 billion (approximately AUD3.2 billion) profit after tax. Its core competitors are Mercedes-Benz and BMW, as well as Lexus, which Audi attempts to outperform in various ways, one being the management of the brand itself and the connected marketing activities.[3]

To gain a competitive advantage in its ever-changing market place, Audi has established itself as a premium brand that stands for technical innovation with the brand claim: 'Vorsprung durch Technik' or 'Truth in Engineering'. The core values of the Audi brand are progressiveness, sportiness and sophistication. This aspiration is also visible in Audi's general marketing, which has a strongly emotional tone, rather than giving facts and information. A potential customer is not supposed to buy an Audi because it is reasonably priced, but because he or she desires to own one. The approach of addressing the consumers' emotions instead of their rationality has not always been used by Audi and is closely connected to the repositioning of the brand in recent decades.[4]

## **The 'The Next Big Thing' marketing campaign**

Audi's strategy towards the year 2015 is formulated around the company vision of becoming the number one premium brand, in part through the continuous extension of its product portfolio.[3] One of these new products is the Audi A1, which was introduced with the campaign called 'The Next Big Thing'. Every aspect of the marketing strategy for the campaign was aligned to the Audi vision. This required that the consumer marketing campaign and its communication strategy be integrated, with strongly coherent communication messages. Audi used a cross-media approach, using a number of different types of media (such as printed adverts, TV spots, and a series of online films) all using the same vision and campaign messages.[5]

## **The marketing strategy behind 'The Next Big Thing'**

The marketing strategy was aligned to the Audi corporate vision and defined the main goals of the campaign and how these were to be achieved. The strategy determined (among other aspects) the target market and customers, the product and pricing, the marketing communication strategy and the campaign budget.[6]

According to Audi, the new product, the A1, is a premium subcompact vehicle whose target group, urban and lifestyle-oriented youthful people, are attracted by the A1's emotional design and its sporting driving experience. This target group also needed to have a relatively high income, since the pricing strategy for the A1 included a price premium of 25% above the average price of cars in this segment. The main competitor is MINI with its well-established products[3], while Europe was chosen as the primary target market for the campaign.[7]

The main objectives of the campaign were to create a strong awareness of, and desire for, the new car resulting in at least 10 000 pre-orders, as well as winning 50% of buyers of competing companies as new Audi customers and loyal fans of the brand. Additional goals were to reduce the cost for advertising per car by 30% and to ideally position the new A1 against the MINI brand. The overall budget of the campaign was between EUR1 million and EUR5 million[7] (AUD1.25 million to AUD6.3 million).

## **Communication strategy and using a testimonial**

The marketing campaign's communication and promotional strategy used digital infotainment (television or internet-based programs that present information such as news in a way that is meant to be entertaining) in order to address the targeted group of new and younger potential customers. Audi produced a series of short films, which were, at least in total length, exclusively available online (first on Audi's homepage and later also on other platforms like 'YouTube'). These 'webisodes' (episodes, especially of a TV show, that may or may not have been telecast but can be viewed at a website) featured the internationally well-known singer and actor Justin Timberlake, who became an ambassador for the Audi brand. His was the main testimonial of the online pre-launch campaign.[7] Kotler describes a testimonial as a source (for example, a person) which endorses a product or brand and is to a high extent believable and likeable.[8] This was the reason Audi choose Justin Timberlake: he is considered to be a role model for the target group and highly credible for the younger audience.[7] He represents a cool and up-to-date image, an association with quality projects and is not related to scandalous or negative behaviour. Timberlake's promotional image, aligned to Audi's corporate vision, was intended to be transferred from him onto the new Audi A1, making it appear stylish, of high quality and widely accepted in various social milieus.

## **Communication message and campaign roll-out**

The idea behind the Audi corporate vision and its alignment to the communication message was to avoid the A1 being regarded as a normal Audi reduced in size, but to perceive it as 'The Next Big Thing': A proper Audi that fulfils every core value of the brand, that is affordable for customers who are younger than the normal average Audi buyer and for whom cars in the premium segment had been out of reach so far. The campaign, based on new and social media, enabled the audience to explore the new A1 in an interactive format (that is, by customising and sharing self-created designs of the car). In addition to that, the six webisodes of the short movie with Justin Timberlake were made available sequentially over a period of several weeks, which was designed not only to raise awareness but to retain and increase interest over time.[7] The process of building up tension was supported through website interaction. Interested parties could obtain further information in relation to the background story of the short films on the Audi website and even choose alternative

angles for certain scenes.[9] [[Take this opportunity to have a look at the first of Audi A1's webisodes.](#)] [10] Selection of this type of media is part of a form of marketing that has been of growing importance in recent years: e-marketing.

### **E-marketing and viral marketing**

E-marketing is defined as 'the result of information technology applied to traditional marketing'. [11, p. 3] Part of Audi's vision and strategy is to use e-marketing to be closer to its (largely online) target group. Another pertinent aspect of the campaign was the utilisation of the benefits of viral marketing, which can be considered an equivalent to word-of-mouth propaganda deriving from online activities.[11] The interactive customisation of the A1 on the website and the resulting process of sharing these individually created designs with friends helped Audi to raise awareness through user-generated content without it being directly related to the promotion of the company. This user-generated content created a perception in the minds of its target consumers of the Audi A1 campaign being more trustworthy than other more direct and traditional forms of promotional activities can achieve. Audi constantly monitors its social media and user-generated content in order to facilitate alignment to consumer sentiment.

Despite these benefits of user-generated content, structural barriers may occur when a company such as Audi decides to use an online campaign to promote its new product. The first and maybe most obvious is the language barrier. For the majority of international online marketing activities, western companies choose to use the English language. While this may seem appropriate at a first glance, given that English is considered to be the most common language in international business, most internet users nowadays do not live in English-speaking countries. Therefore, for businesses such as Audi, in developing marketing campaigns such as 'The Next Big Thing' it can be advisable to use the domestic language for certain countries or at least to include subtitles when English or another foreign languages are used.[12]

Another marketing barrier is culture, because cultural traditions and values may limit the success rate of online campaigns. For some Asian, European and South American countries, business is usually done on a personal basis and is related strongly to trust and relationships. Therefore, using an American celebrity may not have been appropriate for potential consumers in such countries because his

testimonial may not be regarded as being honourable. In addition, signs, symbols and colours can have different meanings or implications and businesses wishing to enter such markets have to pay attention to these issues. Other factors may need to be taken into account so as not to hinder the planned online marketing, including infrastructure and access charges. Europe's internet penetration rate is relatively high,[11] but the costs of using the internet (that is, providers' charges) vary, which has implications: for example, online campaigns may reach fewer potential customers and should therefore be supported by other means, like print or television adverts.[12]

### **Evaluation of the campaign**

The European Marketing Confederation defines the evaluation of a marketing campaign as research 'in which the effect of a (running) advertising campaign is determined in terms of awareness, attitude, purchasing intention, etc.'.[13, p. 215] According to this definition, Audi's marketing campaign 'The Next Big Thing', when evaluated, was seen as having contributed successfully to the corporate vision and strategy as follows.

The objective of creating awareness was met with registered website visitors exceeding 180 000, 40 000 cars had been configured and 30 000 fans had been won on Facebook. [[Click at Audi's 'The Next Big Thing' Facebook page.](#)] [14] Customers who were new to the brand made up 90% of pre-orders, and total pre-orders exceeded 16 000). At the end of 2010 Audi had already sold more than 28 000 A1's, which was 3 000 units more than when MINI launched its new car in 2001. The average costs for advertising were reduced by 44% and customers were on average ready to pay about EUR2 500 more for the A1 than for a comparable MINI, which indicated appropriate positioning for the new Audi against its core competitor.[7] Audi's later publications indicate a continued success in sales for the A1: 63 105 cars were delivered to customers in the first six months of 2011. [15]

## Questions

1. *What was the Audi A1's targeted consumer group and what were the objectives of Audi's 'The Next Big Thing' campaign?*
2. *Why do companies such as Audi use testimonials as part of their marketing strategy, and why did Audi use Justin Timberlake for the A1's 'The Next Big Thing' promotion?*
3. *Create an overview of the main structural barriers that can occur in e-marketing, including a short description.*
4. *Can the marketing campaign be considered successful? If yes, can you name indicators for your decision?*
5. *What conditions have led to Audi's development of global markets and what promotional strategies has Audi used to support this globalisation? How has Audi used 'user-generated content' to contribute to its globalisation?*

## References

- [1] G. Albaum, E. Duerr and J. Strandskov, International marketing and export management, 5th ed., Harlow: Prentice Hall, 2005.
- [2] Ian-and-Ralf, 'Audiurquattro,' 1999. [Online]. Available: <http://www.audiurquattro.de>, <http://www.audiurquattro.de/history/history.htm>. [Accessed 11 09 2012].
- [3] AUDI-AG, 'Annual Report,' 2010. [Online]. Available: [www.audi.de](http://www.audi.de), [http://www.audi.de/de/brand/de/unternehmen/Investor\\_Relations/finanzberichte/halbjahresfinanzberichte.html#source=http://www.audi.de/de/brand/de/unternehmen/Investor\\_Relations/finanzberichte/geschaeftsberichte.html&container=page](http://www.audi.de/de/brand/de/unternehmen/Investor_Relations/finanzberichte/halbjahresfinanzberichte.html#source=http://www.audi.de/de/brand/de/unternehmen/Investor_Relations/finanzberichte/geschaeftsberichte.html&container=page). [Accessed 24 09 2011].
- [4] AUDI-AG, 'Investor Relations Society Vonference Handout,' 2011a. [Online]. Available: [www.audi.de](http://www.audi.de), [http://www.audi.de/de/brand/de/unternehmen/Investor\\_Relations/finanzberichte/halbjahresfinanzberichte.html#source=http://www.audi.de/de/brand/de/unternehmen/Investor\\_Relations/fuer\\_investoren/investorenpraesentation.html&container=page](http://www.audi.de/de/brand/de/unternehmen/Investor_Relations/finanzberichte/halbjahresfinanzberichte.html#source=http://www.audi.de/de/brand/de/unternehmen/Investor_Relations/fuer_investoren/investorenpraesentation.html&container=page). [Accessed 24 09 2011].
- [5] J. Hardy, Cross-Media Promotion, NY: Peter Lang Publishing, Inc., 2010.
- [6] O. C. Ferrell and M. D. Hartline, Marketing strategy, 4th ed., Mason: Thomson South-Western, 2008.
- [7] European-Association-of-Communications-Agencies, 'Audi A1: The Next Big Thing,' 2011. [Online]. Available: [www.warc.com](http://www.warc.com), <http://www.warc.com.ezproxy.usc.edu.au:2048/Content/ContentViewer.aspx?MasterContentRef=8c100de7-d4f3-47c3-b486-1deca7cc55f6>. [Accessed 23 09 2011].
- [8] P. Kotler, S. Adam, L. Brown and G. Armstrong, Principles of Marketing, 3rd ed., Frenchs Forest, NSW: Pearson, 2006.
- [9] L. C. Bell, 'The Next Big Thing: Audi A1 Film Series,' 2010. [Online]. Available: [www.motorauthority.com](http://www.motorauthority.com), [http://www.motorauthority.com/news/1049139\\_the-next-big-thing-audi-a1-film-series](http://www.motorauthority.com/news/1049139_the-next-big-thing-audi-a1-film-series). [Accessed 23 09 2011].
- [10] AutoMotoTV, 'Audi A1 Episode 1,' 2011. [Online]. Available: [www.youtube.com](http://www.youtube.com), <http://www.youtube.com/watch?v=iQJasKv8Tfw&feature=youtu.be>. [Accessed 11 09 2012].
- [11] J. Strauss, A. El-Ansary and R. Frost, E-Marketing, 4th ed., New Jersey: Pearson, 2006.
- [12] M. Kotabe and K. Helsen, Global Marketing Management, 4th ed., NY: John Wiley & Sons, Inc., 2008.
- [13] European-Marketing-Confederation, The international encyclopedia of marketing, 2nd ed., Oxford: Butterworth/Heinemann, 1995.
- [14] The-Next-Big-Thing, 'Facebook,' 2010. [Online]. Available: <http://www.facebook.com>, <http://www.facebook.com/tnbtkassel>. [Accessed 11 09 2012].
- [15] AUDI-AG, 'Interim Financial Report,' 2011. [Online]. Available: [www.audi.de](http://www.audi.de), [http://www.audi.de/de/brand/de/unternehmen/Investor\\_Relations/finanzberichte/halbjahresfinanzberichte.html](http://www.audi.de/de/brand/de/unternehmen/Investor_Relations/finanzberichte/halbjahresfinanzberichte.html). [Accessed 24 09 2011].
- [16] T. Levitt, 'The Globlization of Markets,' *Harvard Business Review*, vol. 61, no. 3, pp. 92-102, May-June 1983.