

Volkswagen utilises viral marketing: Goodbye Citi Golf

Volkswagen AG (VW) is a Germany-based car manufacturer which was founded in 1937 in Wolfsburg, Germany. Volkswagen AG is part of the Volkswagen Group, and is the largest carmaker in Europe. The long-term objective of the Group is to be a global automotive leader by 2018. [[Take a look at the Volkswagen's history.](#)][1] In 2010, the Group increased the number of automobiles sold to 7 203 million in comparison to 6 336 million in 2009. In Western Europe more than one in five new cars comes from the Volkswagen Group.[2]

Volkswagen increased its sales revenue from EUR39 222 million to EUR46 874 million and its operating profit from EUR1 027 million to EUR2 131 million in the first half of the 2011 financial year.[3] The Volkswagen Group consists of nine different brands: Volkswagen, Audi, SEAT, Skoda, Bentley, Volkswagen Commercial Vehicles, Lamborghini, Bugatti and Scania.[2] In December 2009, Volkswagen AG purchased a 49.9 per cent stake in the well-known brand Porsche in its first step towards a merger of the two companies.[4] This deal was completed in August 2012 despite the currency crisis and its impact upon the European motor vehicle industry. [[Read about Volkswagen's successful purchase of Porsche.](#)][5]

Volkswagen's high quality standards have been recognised globally and have led to the development of a first-class brand image and reputation for quality. This is also reflected in current pricing strategies and assists Volkswagen to increase its high brand value. In addition, this brand value is reflected in the company tag line 'Das Auto' or 'The Car'. This well-known slogan used in Volkswagen's global marketing campaigns contributes to the consumer's perceptions of good value. [[Listen to Mr David Powels,](#) Volkswagen South Africa's Managing Director, on his vision for 'Das Auto'.][6]

Volkswagen offers the consumer a wide range of diversified automobiles, across a broad spectrum of pricing levels to suit most consumers. Of Volkswagen's 13 different product lines, the majority target consumers within the low- to middle-price segment.[2] The Volkswagen Citi Golf was sold in South Africa (in South Africa Rands, or ZAR) for an average ZAR7 600 when first released. Volkswagen's aim was to offer the Citi Golf to consumers as an entry-level vehicle alongside the new, much pricier Golf range. However, entry level pricing had little or no impact upon demand. Despite demand, David Powels, Managing Director of Volkswagen South Africa, suggests 'it [was] no longer economically viable to produce.'[6] This has led to the unique marketing campaign—Goodbye Citi.

VW's marketing campaign in South Africa—Goodbye Citi

Traditional marketing approaches focus on present or future marketing of products or service. By contrast, the intention of Volkswagen's marketing campaign Goodbye Citi Golf was to highlight the past, which at the first glance could be seen as unusual. Today's consumers are heavily influenced by marketing campaigns. The consumer is influenced by marketing that can create brand recognition at any time and any place and that frequently aligns to the perceived value of the product or service being offered. Companies, therefore, have to create something special or have to be extreme to reach and to attract their potential customers.

The Volkswagen model Citi Golf was introduced in South Africa in 1984. Originally, the Citi Golf was introduced to gain some extra returns for Volkswagen in the short term. However, with the entry-level pricing strategy, the Citi Golf became a unique symbol to the iconic Volkswagen brand in South Africa. For decades it has been identified not only as a simple car, but for many South Africans also a very affordable solution to their mobility problems. South Africans were shocked when an expected situation became a reality, and after nearly 25 years and 377 484 Citi Golfs, Volkswagen decided to retire its longest-running and most successful product of the past decades.[7]

The decision of Volkswagen South Africa's Managing Director, David Powels, to remove an economical model did not come lightly, particularly as demand for the Citi Golf was still buoyant. However, in producing only 20 000 to 25 000 Citi Golfs per year, there were no longer adequate economies of scale to make it economically viable for Volkswagen or other component suppliers to continue with its manufacture. Moreover, the safety standards within the Citi Golf were not satisfying the newly demanded consumer trends. Technology and consumer needs and demands were becoming more focused on features that could not be introduced to the dated production line and be economically viable. The required technology changes and costs of retooling meant that the Citi Golf could no longer remain competitively priced. If changes were to be implemented, prices would be forced up, making it unaffordable for the majority of South African people. Another reason for replacing the Citi Golf was the fact that the South African Government will implement the Automotive Production and Development Program in 2013. This program will provide subsidies to corporations producing a minimum of 50 000 units per year.[8] Moreover, assembling the

Citi Golf was labour intensive, making it economically inefficient nowadays even in South Africa where the cost of labour is still lower than in many other parts of the world.[9],[10]

Taking these many issues into account, Volkswagen decided after a successful relationship of 25 years to give the whole country the chance to say goodbye to its legendary Citi Golf. Volkswagen authorised its long-lasting marketing partner Ogilvy South Africa to create an unconventional marketing campaign to grab South Africans' attention and to create demand for the last few thousand Citi Golfs produced. As well as achieving high prices for these 'special edition' vehicles, it would provide high returns to Volkswagen and links to the already established image of the Volkswagen range in South Africa moving forward.[11] The challenge was to formulate a suitably memorable promotional farewell campaign that fitted the expectations and budgets of VW's management while at the same time engaging the marketing campaign to work with the population's expectation. This was identified as one of the most difficult objectives within Volkswagen's marketing history of working with its marketing agent Ogilvy.

Ogilvy finalised a marketing campaign that contained a full range of different communication aspects. The creative idea was to take the last ever produced Citi Golf on a final journey through South Africa giving the entire nation the opportunity to say goodbye. [Take a look at the Citi Golf home page](#)[12] to see what a great site Ogilvy developed for this unique marketing campaign.

This interactive website linked to the many years of the car's proud 25-year history and encouraged Volkswagen purchasers to buy one of the 'Collector's Edition'. It also provided clients of its webpage the opportunity to follow the celebratory tour of the last 'Collector's Edition' Citi Golf around South Africa. The route map for the Citi Golf 'Collector's Edition' final trip was part of this unique marketing campaign and focused on the travel route which the last produced Citi Golf travelled. [Take a look at page six of the [Cannes Lions 58th International Festival of Creativity](#) 19–25 June 2012 to see the 'Goodbye Citi Cape Town Event'.][13] You can also view a video clip of the reasons for the trip, and the part that it played in this unique marketing campaign. [\[Take a look now.\]](#)[14]

This ensured that fans of Citi Golf had a unique opportunity, in many centres around South Africa, to be reminded of the unique value of this entry-priced car that had served many

families in such a unique way for such a long time. This trip was seeking to develop value for the Volkswagen brand, based on its image of good value for money.

Ogilvy organised events in towns where the last Citi Golf stopped over and people had the opportunity to follow the victory lap live online and to sign goodbye messages on the Citi. [\[Take a look at the Citi Golf's final trip on YouTube.\]](#)[15] Ogilvy also designed a Citi Golf farewell home page, the purpose of which was to give people who were not able to join the Citi tour personally the ability to watch it online. In-keeping with the concept, Ogilvy created profiles on Facebook and on other social media platforms to give people the chance to say goodbye within the virtual world. Thus Volkswagen created an additional return on investment for its customers. Above all, the marketing campaign demonstrated a mixture of classic and innovative communication aspects. In order to engage consumer interest and build value to the campaign, it also engaged South Africans in signing goodbye messages on the last Citi Golf. The Citi Golf was designed as a big farewell card. [\[Click on this link to see the almost complete version of the farewell card.\]](#)[16] This particular aspect of the marketing campaign enabled consumers to participate and to connect in a physically engaging act that was a distinctive part of the promotion.

Most importantly, Volkswagen came up with another innovative idea in promoting the ending of the glory of Citi Golf. VW's emphasis for this unique marketing campaign focused mostly upon the premium-priced special retro edition of the Citi. This product differentiation affected its returns and simultaneously supported the standard Citi Golfs. Nevertheless, it has been revealed that VW sold 27.52 per cent fewer Citi Golfs in 2009/2010 than in 2008.[13] This confirmed Volkswagens' decision to remove the model from the market and that it was the most appropriate time to take advantage of a unique pricing strategy to capitalise on the last models to be produced.

As the National Association of Automobile Manufacturers of South Africa stated, Volkswagen gained an extra profit of ZAR16 million (EUR1.5 million) for special edition sales, plus approximately ZAR25 million extra turnover for the standard Citi Golf during the campaign period.[17],[13] These figures occur at the same time as a declining GDP and a 25 per cent drop in overall car sales on a year-on-year basis.[13] In addition, Volkswagen sold the last third of its final production of Citi Golfs at a special auction. However, Volkswagen revealed that the profits resulting from the campaign were to be used for charity projects.[7]

The excellent public relations to emerge from the campaign were supported by the fact that almost every South African newspaper, blogger, TV and radio station covered the Citi Golf campaign.[11] Conclusively, the figures indicate that it was an effective profit generation campaign. As a result Ogilvy marketing agency achieved several international awards.

From a pricing point of view, the entire marketing campaign provided Volkswagen with excellent value for money. The Goodbye Citi campaign was brought to fruition with a budget of merely EUR650 000 (USD942 500), while the Super Bowl campaign in the USA cost Volkswagen between USD2.5 million and USD2.8 million for a 30-second commercial.[13],[17] [Now take a look at what it got for its money in the [Super Bowl TV commercial](#).][18] You may also want to take a look at [how they made](#)[19] the Volkswagen Super Bowl commercial.

Marketing communications and pricing at Volkswagen

Social media channels were used by Volkswagen in the Goodbye Citi Golf marketing campaign to inform and to communicate with not only its past consumers but also its potential customers. Volkswagen tried to increase the potential influence of social media upon this unique marketing campaign. This was reflected through increased concentrations of advertising on social media platforms like Facebook, Twitter and YouTube. The Goodbye Citi Golf marketing campaign in South Africa was seen as the perfect time for Volkswagen's marketers to generate stronger brand image and sustainable competitive advantage through the usage of both traditional public relations and social media channels.

The campaign Goodbye Citi is a remarkable example of how public relations can be used to create more-or-less free publicity. The Volkswagen campaign used a variety of viral marketing tools like videos, blogs and Facebook posts to create attention along with the important and never-to-be-forgotten super-economical face of public relations. Unlike editorial advertising, such viral marketing has no—or less—media cost and messages received have higher credibility. However, on the other hand Volkswagen had limited or less control over the messages that were introduced by the social medial contributors.[20]

Questions

1. *What led to Volkswagen's past-orientated marketing campaign and to what extent did price play a part in the campaign?*
2. *What kind of quantitative and qualitative outcomes can be used to evaluate the success of a campaign?*
3. *What were the impacts of the viral marketing activities used in this marketing strategy? To what extent do you think they may have had an impact in terms of pricing?*
4. *What role should marketing managers play in helping to formulate marketing strategies in line with business-level strategies in a large and diversified firm such as Volkswagen?*
5. *How important do you think the social networking sites, such as Facebook, were in influencing the actions of Volkswagen's past consumers in the Goodbye Citi Golf marketing campaign? Do you think these social networks did influence Volkswagen's long-term consumers in South Africa?*

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