Best Practice

Launch of the Freelander

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Buyers, and potential buyers, of four-wheel-drive vehicles are, of course, a niche market. This is less obvious than it was in the distant days when the first Land Rover rolled off the production lines, its only competitor that most unforgiving and indestructible of vehicles the US Army wartime surplus Jeep, and its only obvious civilian market farmers and beach bums. There are fewer soldiers and farmers today (and more beach bums) but the market for the four-wheel-drive vehicle has expanded enormously — proportionately beyond even the growth of the total car market — transforming it from a rural workhorse into an urban lifestyle accessory.

The Range Rover and the Land Rover Discovery were big steps in this transformation — but these are big vehicles, with big price tags. The next step for the Land Rover corporation was to see whether the same concept could be made to work in a smaller car targeted at a less affluent market. The company's answer was the Freelander, first seen at the Frankfurt and British Motor Shows in the autumn of 1997, and first into production in March 1998, selling at a price between £16,000 and £24,000. The story of its launch is interesting, because the lead role (in point of time), quite unusually for the motor industry, was taken by direct marketing. This decision may have been easier to make by virtue of the niche nature of the market, making it possible for direct techniques to find and reach a well-defined target group of potential buyers economically. Or it may be a sign of the times — in which case there will be more of the same to come, both in the car market and in other areas where direct marketers have in the past had to be content to pick up the crumbs falling from the table above the line.

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Corporate marketing targets

The total four-wheel-drive market in the mid-1990s was static, and running at just under 100,000 vehicles per year, with the small-vehicle segment accounting for roughly 20 per cent of that total. That the Freelander itself was destined to be a success was not in much doubt from the day of its unveiling. Last year it was voted by *What Car* not only as the best off-road vehicle of 1998, but as Car of the Year, and it received enthusiastic reviews from motoring correspondents across the press. Land Rover, believing it had a winner on its hands, set itself some tough targets:

- to double the company's sales volume within 12 months of starting manufacture;
- to sell 26,000 Freelanders in 1998, thus taking 27 per cent of an expanded 4x4 sector;

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The task

- to develop the 4x4 sector overall, and the small-vehicle segment of that sector in particular, achieving 85 per cent of their new sales from people who had never owned a 4x4 before;
- to attract a greater proportion of women owners into what had been a male-dominated preserve.

To help achieve these objectives, the company decided to use direct marketing techniques to identify and build a committed market for the Freelander before the vehicle was launched or put on sale. But there was one overriding condition: although a brief press release would be made in March 1997, there must be no further mention of, or communication about, the Freelander from the company prior to the Frankfurt Motor Show in September of that year. The reason for this was partly to avoid damage to Discovery sales during spring and summer 1997, and partly to ensure maximum effect for the eventual launch. So, the first challenge was to build a market of people committed to a product of which they were unaware.

Accordingly, the company's timetable of fixed events was as follows.

The timetable

1. March 1997: first press release announcing the new vehicle's name, with some product detail and a few pictures.
2. September 1997: Freelander on public show for the first time at Frankfurt Motor Show.
3. October 1997: Freelander shown for the first time in the UK at Earl's Court Motor Show.
4. December 1997: Freelander goes on sale.
5. Boxing Day 1997: national advertising breaks on TV, followed by colour press.

The direct marketing role

Direct marketing objectives were set to create the greatest impact achievable within this initial restriction. These objectives were:

The direct mail role

- to build a database of qualified prospects for Freelander;
- to develop a dialogue with these qualified prospects and with enquirers (eg from the press release), and to maintain their interest over the pre-sales period;
- to make existing Land Rover owners feel valued and involved by informing them as early as possible of the new vehicle, and to identify those who would be interested in purchasing the Freelander as a second car;
- to welcome highly qualified prospects to dealer launch events, and subsequent test drives, as soon as vehicles were available for these purposes.
- to design a strategy, and materials, that could be used with minimal adaptation in a wide range of international markets.

It was to be expected that a number of prospect names would be self-submitted, following the March press release. The obvious step was

therefore to ensure that all enquirers, whether direct to Land Rover or to a dealer, would be data captured, qualified, and added to the database so as to receive the relevant communication at the appropriate time.

Market research

But to be able to extend the database beyond these self-submitted names, Land Rover needed first to build a profile of the most likely prospects for its new vehicle. This was done by using traditional face-to-face market research, mostly through focus groups, and — as company policy demanded — without direct reference to the Freelander. (This research was repeated in three major international markets outside the UK.)

The results dispelled any lingering suspicion that the Freelander would be bought only by ‘young beautiful people who spent their weekends surfing or strolling along sun-drenched beaches’. (This is the advertising agency’s more elegant description of beach bums. Is it the advertising industry itself that is originally responsible for this kind of misleading stereotype?) While an age profile of prospects showed a tendency to cluster around 38, the actual age distribution was remarkably wide — from 30 to 60. Despite the company’s desire to increase the proportion of female owners, male prospects would be in the majority. Additional characteristics were:

- professional;
- income around the £35,000 level;
- highly credit active;
- active lifestyle: skiing, walking, etc;
- high ownership of company cars.

Unlike the traditional Land Rover market, these prospects would tend to live in the city, would presently drive 4x2 saloons or hatchbacks, and would probably not have considered purchasing a 4x4 before.

Additionally, the research gave some clues to the actual appeal of small 4x4 vehicles in general, and the potential appeal of the Freelander in particular, which would guide the creative approach. Most 4x4 buyers don’t (often) drive off the road: they buy largely on appearance and image, on a sense of fun, excitement and role-playing which is missing from a boring old saloon or estate car. (So perhaps it’s customers’ fantasies that drive advertisers to create romantic stereotypes which in turn fuel customers’ fantasies?) More prosaically, they appreciate roominess, comfort, high driving position, tough bodywork and consequential enhanced safety. The Land Rover brand was a strong plus.

This research gave the creative proposition for all forms of communication: the new Land Rover Freelander — the authentic, accessible 4WD with a sense of spirit and adventure.

Initial lead generation

The decision to use inserts for lead generation was driven by historical experience in Land Rover which indicated that this had in the past been

Profiling freelancer prospects

The creative Proposition

Lead generation by insert questionnaire

the most cost-effective means of acquiring new prospects. The desire to begin lead generation at the earliest moment was, of course, somewhat at odds with the ban on any mention of the Freelander before September. The solution to this dilemma was to design an insert that focused on Land Rover itself, rather than on any specific product, and took the form of a questionnaire, the answers to which would qualify (or disqualify) respondents — and subdivide the qualifiers between Discovery and Freelander prospects.

The incentive for readers to fill in and return the questionnaire was the chance to win a Discovery for a year, or one of 50 off-road driving days at Eastnor Castle. (This gambit was again based upon previous experience, which promised both quantity and quality of response.)

The front of the insert leaflet featured the headline 'The Land Rover Great British Weekend Survey' and the incentive. Inside was the questionnaire, featuring questions about the prospect, his/her present car, and prospective next car.

One million inserts were distributed in July 1997, in a much wider range of media than had traditionally been used for Discovery inserts. These generated 12,956 qualified Freelander prospects — a success rate of 1.3 per cent — with considerable information about each, giving a substantial boost to the new database.

The brakes are off

In September 1997 the Freelander was launched at the Frankfurt Motor Show, and at last there was complete freedom to communicate. There were three major communication objectives, corresponding to three groups of people. The objectives were:

- to inform current Land Rover owners that there was a new member of the family;
- to continue the dialogue initiated with respondents to the 'Great British Weekend Survey', as well as people who had made enquiries to Land Rover or their dealers as a result of the March press release and the press speculation that followed;
- to introduce Freelander to a wider audience, generating more names for the prospect database.

Direct mail for warm contacts

For the first two of these groups variants of the same direct mail pack were produced and despatched immediately after the Frankfurt launch. The outer envelope (C4) had a name and address window and a PPI on the reverse, leaving the front clear for a full visual showing a small car appearing under a giant sunrise, and headed 'The Freelander is Coming'. Inside was an appropriate letter, and a series of glossy photographs printed on photographic paper. Prospects were invited to see the Freelander at Earl's Court, or at later regional motor shows in Scotland or Northern Ireland. Alternatively they were promised, if they responded, an invitation to visit their local dealer when vehicles were first available there. The Freepost response medium included a friend's form for further name collection. This launch mailing went to 77,000

**... and more inserts
for others**

customers and prospects, and produced 6,829 responses at a rate of 8.9 per cent.

For the third group another insert was designed. This used the same visual as the direct mail envelope, but with the headline 'Once in a While, Something Comes Along that Changes the Way You Look at Life. Freelander is Coming.' Inside were shots of the five-door and three-door models. Once again the insert route was chosen because it gave the opportunity to cast the net widely but relatively inexpensively, and to ensure that more costly direct mail went only to carefully qualified prospects. Some two million inserts were distributed in October 1997 — to coincide with the Earl's Court show while ensuring that existing customers had received their direct mail information first. At before, a lengthy questionnaire was included, and there was the incentive of the chance to win a vehicle — this time a Freelander — for a year. A wide variety of media was used, from core motoring press to lifestyle magazines. This effort produced 33,379 responses, at 1.7 per cent — a 30 per cent improvement on the July response rate, reflecting the more specific nature of the piece.

Invitations to view...

The dealer launch

By November 1997 the Freelander was at the dealerships, and the database contained 50,000 qualified prospects for the vehicle. It was time to issue invitations to view — not to drive, since not enough vehicles had yet been built. Seventy-eight bespoke invitations (each for a different time and place) were prepared; the dealers chose whether to send these out themselves to supplied lists, or to have them sent centrally. In all 25,000 people were invited (each with a guest) to a dealer launch. (Acceptances were not centrally recorded.) The limitation on numbers was dealer capacity.

... and to test drive

On Boxing Day 1997, TV advertising for the Freelander began, quickly followed by colour press advertising. By March 1998 production was in full swing, and the final item of this launch campaign could be despatched — an invitation to a test drive. This time the envelope featured a Freelander on a 40-degree slope, with the headline 'You don't have to hang on any longer'. Inside was a four-colour leaflet and a short letter inviting prospects to phone for a test drive appointment.

The results

Of course, sales campaigns for the Freelander are ongoing. But it is worth stopping at this stage to ask what results were achieved from the initial launch, how these compared with original targets, and what implications, if any, the whole campaign has for direct marketing.

1. Land Rover aimed to double its sales volume (of all models) in the first 12 months of the Freelander's production. In fact sales rose from 30,000 vehicles in 1997 to 40,000 in 1998; a large part of the shortfall against target was due to the non-appearance during 1998 of an expected new version of the Discovery.

Successes and shortfalls

2. The ambitious target for the Freelander itself was to sell 26,000 vehicles in 1998, and this was not achieved either: the actual number sold was just under 19,000, constituting 16 per cent of the expanded 4x4 market rather than the 27 per cent aimed at. In part the shortfall stemmed from lack of production early in the year, when demand was very high (see below), with demand — inevitably for a vehicle of this type — slowing in the latter part of the year.
3. The launch of the Freelander did result in growth in the whole 4x4 market, from some 96,000 vehicles in 1997 to 112,000 vehicles in 1998. This was concentrated at the small-vehicle end, where total vehicles sold rose from some 20,000 in 1997 to over 44,000 in 1998. Prior to the Freelander, the main players in this segment were Toyota and Suzuki; these more or less held their own, while Honda and Subaru, also with new launches, gained about 12,000 sales between them and Freelander swept up more than 40 per cent of the expanded market in this segment. Of the Freelanders sold, 82 per cent were bought by customers new to Land Rover, with 18 per cent from the existing customer list. The majority of sales did come from totally outside the 4WD sector — though not the 85 per cent aimed at originally.
4. It was inevitable that the majority of buyers would still be male, but the proportion of female Freelander buyers increased to 28 per cent compared with 15 per cent for other Land Rover models (but compared with 40 per cent for the small and medium 4x4 market prior to the Freelander launch).

So much for the company's marketing objectives; how far did the direct marketing part live up to expectations? The direct marketing objectives (stated earlier) were not given in quantified terms, so a precise assessment may be difficult. Nevertheless, the following can be noted.

Direct mail results

1. As a result of two press insert campaigns totalling three million inserts, plus a direct mail shot to 77,000 customers and self-selected enquirers, a database of 50,000 qualified prospects was built in good time. Response rates to the insert campaigns were 1.3 per cent and 1.7 per cent, and to the mailing 8.9 per cent.
2. The difficult task of keeping prospects warm over the pre-launch period appears to have been successful.
3. The communication with existing Land Rover customers would seem to be a model of good relationship marketing. A substantial number of these bought Freelanders (although statistics do not reveal how many of these were trading down, and how many were treating themselves to a second car. Discovery sales did fall sharply in 1998).
4. Invitations to dealer launch events and test drives did go out to 25,000 and 40,000 prospects respectively.
5. Material used in the UK launch, and described earlier, was sent to Rover International representatives in 16 other countries where launch of the Freelander has now taken place.

The problems of success

One of the aims in launching any new product must be to insure against the problems of success — the problem of allowing demand to run too fast ahead of supply. In the case of the Freelander this aim was not wholly met: in the early days of 1998 some six months of production was spoken for, with a consequent waiting list. (It's an interesting difference between British and American consumers: when an American wants something, he wants it now, and if he doesn't get it he walks away; a Briton seems never so happy as when waiting in a queue, presumably in the belief that if other people are waiting for it then it must be particularly worth having.) However, the situation was recovered during the year.

Direct marketing is, of course, well adapted to deal with this kind of problem, since volumes of promotion can be adjusted to observable response rates. Land Rover took this lesson on board: by March 1998 they had developed a direct mail pack targeted at cold prospects who fitted the desired profile — but had put it on hold 'until demand drops to manageable levels'. Unmanageable demand is, of course, an unavoidable feature of a runaway success once broadcast advertising is called into play.

Sales tracking

There are no central data on response to invitations to dealer launches or test drives. However, sales tracking does demonstrate that of the 50,000 qualified prospects on the database at the time the first of these invitations was issued, 3,505 (7.0 per cent) went on to buy a Freelander in 1998. This represented 18 per cent of sales, and revenue of £60m at an average of just over £17,000 per vehicle. It is reasonable to assume that this is not a final statistic, or a complete accounting of the direct marketing effect.

Nobody would claim that this was a hugely innovative campaign: tried and tested media and methods were used, together with clean, visually attractive literature, to implement a clearly defined strategy for a product that was an instant hit with its market. No doubt many other agencies and their clients could have said the same in 1998. So what's new?

The moral

What's new — at least in a high-profile, high-ticket, television-obsessed environment such as the car market — is that the client here accepted that direct marketing is not just a last-minute way of spending the last £100,000 in an advertising budget, the great majority of which has been disposed elsewhere. The client — no doubt advised by the agency — clearly recognised that direct marketing, even more than above-the-line media, demands long-range planning and meticulous implementation. Given this is done, direct marketing has a vital part to play in any properly integrated strategy; it may even, as in this case, be the first player on the stage, rather than the last.

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