

LUXURY AUTO BRANDS AND THEIR PRESENCE IN SOCIAL MEDIA



Purpose of the Study

- MH Group Communications and Forum Strategies & Communications performed a comprehensive analysis of luxury auto brands and their presence within social networks
- Measurement & Ranking of Luxury Auto Brands
 - Examine the presence in major sm networks of top luxury auto brands
 - Compare and rank the top brands
 - Acura, Audi, BMW, Cadillac, Infiniti, Lincoln, Lexus, Mercedes, Porsche
 - Two key measures
 - **Community Index:** Numerical calculation based on total Facebook friends, Twitter followers, YouTube channel subscribers & Flickr group members, with a growth-rate factor applied
 - **Conversation Index:** Numerical calculation based on total Facebook comments, Twitter Tweets, YouTube video posts & Flickr photo posts, with a growth-rate factor applied
- Identification of Trending Topics and Strategic Opportunities
 - Key subjects of SM conversation about luxury auto brands
 - Key SM trends affecting luxury brands in general

Major Findings and Trends

How the Study Was Done

- The top-selling luxury auto brands and luxury brands owned by major global automakers were studied to assess their level of involvement and success in using social media
- Researchers examined SM activity during August 2009 by the brands, as well as activity about the brands initiated by consumers, dealers or others
- Four major SM communities were targeted as representative of the major SM categories
 - Facebook, Twitter, YouTube, Flickr
- SM hand-raisers who chose to identify themselves as friends or followers of the brand were counted and designated as part of a brand's "community"
- Proactive posts and comments about the brands were counted and scored to reflect the "conversation" about the brand
- The larger category of luxury goods was also examined for best practices and trends relevant to the luxury auto industry
- These findings were placed within the context of auto industry and social media trends

Major Findings

- ⦿ Porsche & BMW are the leading luxury auto brands within social media, scoring highly in both the Community and Conversation measurements
 - German automakers, in general, dominate in this business category
 - Japanese brands are largely absent and unimpressive within social media
 - Cadillac either matches or outperforms its Japanese rivals
 - The Lincoln brand is largely absent from social media
- ⦿ The industry has yet to tap the full potential of social media, and no brand has an integrated and holistic approach
 - Facebook & YouTube are the brands' social networks of choice
 - Twitter activity initiated by the brands is insignificant, especially in light of the sector's highly motivated and engaged consumers who are Tweeting heavily about the brand
- ⦿ All the brands face an extraordinary amount of online clutter as they try to attract a focused social media community
 - Unofficial Facebook pages, Twitter feeds, You Tube channels and Flickr communities created and managed by fans, vehicle dealers and individuals who incorporate a vehicle name in their online identities siphon attention and offer conflicting brand messages

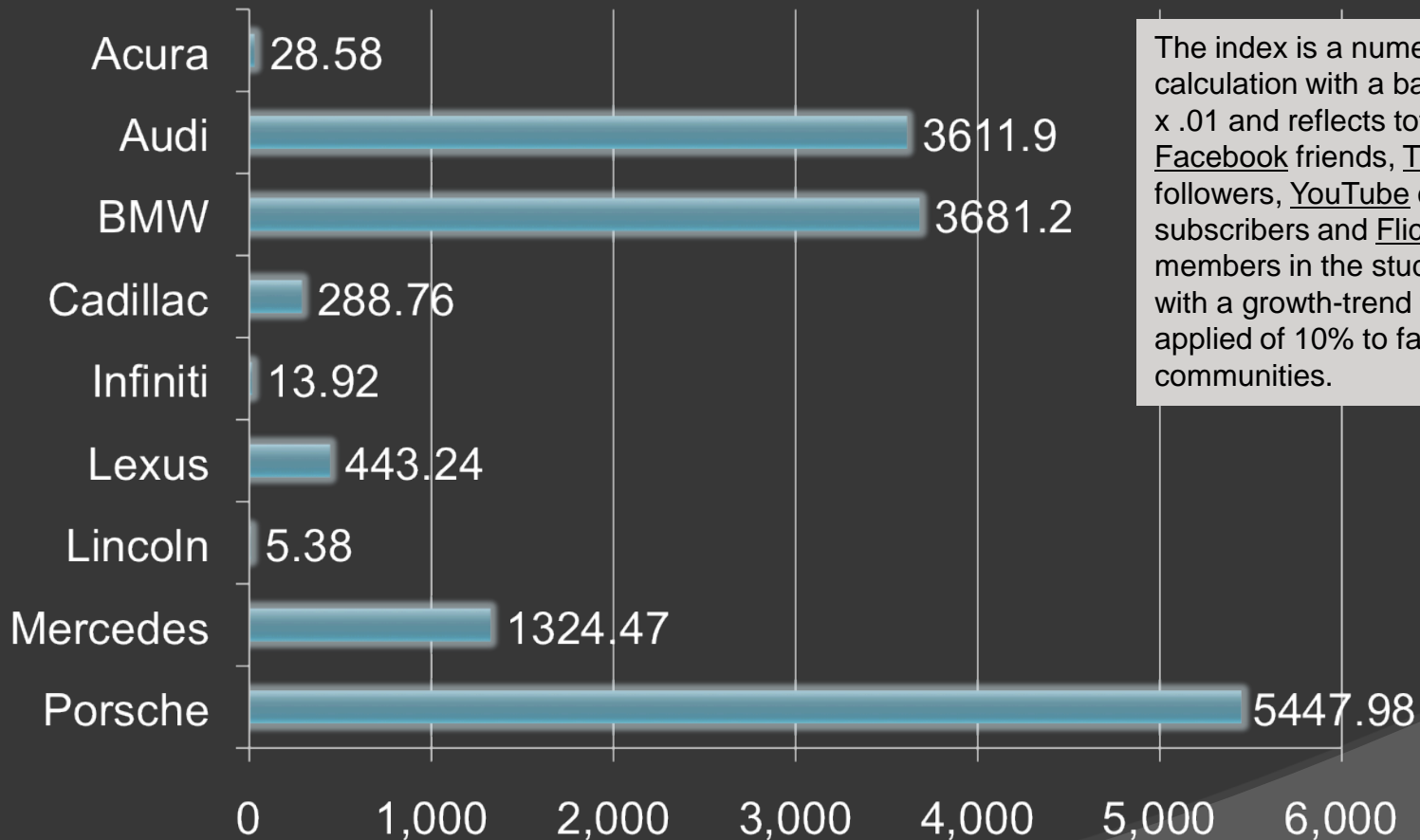
Luxury Trends Affecting Autos

- The luxury auto brands enjoy a largely positive relationship with consumers within social media
 - 90% of the commentary and content created about these brands is positive
 - While most other business sectors have brands that have been damaged by negative social media commentary, most luxury goods brands, including autos, enjoy mostly positive social media relationships
 - Luxury brand consumers perceive that they receive a high-level of service and value by being associated with the brand, and this perception is reflected in social media
- The desire among luxury brands, including the autos, to promote exclusivity conflicts with the democratic and accessible nature of social media
 - Maintaining a brand's aspirational essence will present future challenges to luxury automakers as social networks mature and continue to grow
 - Where's the tipping point, when the club no longer feels so exclusive because of the social media involvement of everyday consumers?

Measurement & Ranking

Community Index

Hand-raisers who have willingly identified themselves as followers or friends of the brand

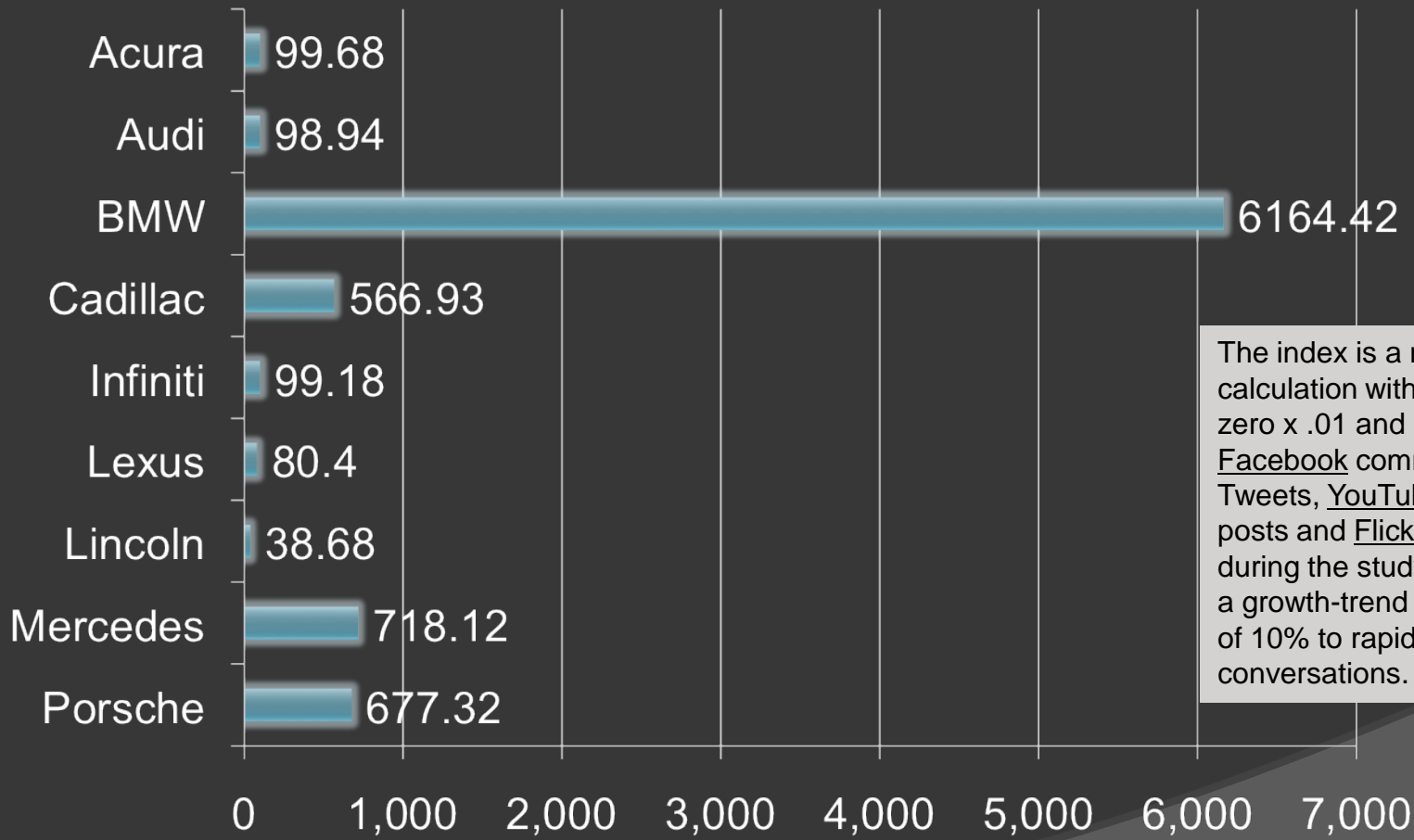


The index is a numerical calculation with a base of zero x .01 and reflects total Facebook friends, Twitter followers, YouTube channel subscribers and Flickr group members in the study period, with a growth-trend factor applied of 10% to fast-growing communities.

Index period: 8/1/09 – 8/31-09

Conversation Index

The volume of all commentary about the brands from both outside and within their communities



The index is a numerical calculation with a base of zero x .01 and reflects total Facebook comments, Twitter Tweets, YouTube video posts and Flickr photo posts during the study period, with a growth-trend factor applied of 10% to rapidly growing conversations.

Index period: 8/1/09 – 8/31-09

Tiered Rankings

Leaders

1. BMW
2. Porsche

Positioned to dominate social media in this business category

Challengers

3. Audi
4. Mercedes

Positioned to challenge category leaders

The Pack

5. Cadillac
6. Lexus
7. Acura
8. Infiniti
9. Lincoln

Social media not a significant factor in driving brand awareness or sales

Trending Topics And Strategic Opportunities

What are Consumers Discussing?

- ◉ **Admiration**
 - The luxury auto sector enjoys a privileged admiration consumers express for most luxury brands
 - Being part of an “exclusive” club, these owners and fans err on the side of adoration when discussing their vehicles
 - Where’s the tipping point, when the club no longer feels so exclusive because of the social media involvement of everyday consumers?
- ◉ **Sales and Deals**
 - The auto industry’s huge investments into e-commerce and the dealer-based, decentralized sales network make deal talk the dominant topic of social media conversation
 - Brand management in this environment is a challenge, given that the community drives the conversation, rather than the brand, in contrast to pre-social media days, when sales messaging was focused around brand web sites
- ◉ **Questions about Features, Service, Availability**
 - Social media are a powerful tool for brands to monitor questions about their vehicles and address them directly and immediately
 - This should be viewed as an opportunity to extend a brand’s customer service commitment, rather than just treat social media as a marketing tool
- ◉ **News and Vehicle Announcements**
 - There is a virtuous cycle of amplification among these brands, auto bloggers and social media networks, in which news is shared by the brands with influential bloggers, reposted or tweeted within social networks by readers of those blogs, and further echoed within smaller SM groups
 - Links to blog posts, rather than traditional media, are shared most often by consumers

Keys to Social Media Success in 2010

- ◎ Embrace and invest in Twitter
 - This social network will capture the global conversation about brands and new, and none of the luxury auto brands has a meaningful or strategic effort underway to engage with that conversation
- ◎ Connect e-commerce & community with Facebook
 - Instead of merely using Facebook as a place to share and discuss, use it to link buyers into a brand's existing e-commerce infrastructure
- ◎ Turn YouTube into a brand TV network
 - Brand-produced beauty videos are a good start, but the real winner will develop strategies to integrate consumer-generated video into their brand channels
- ◎ Make the investment to build community within Flickr
 - Often overlooked, Flickr is an ideal place to build brand loyalty and engage with consumers in a way that takes advantage of the ubiquitous and growing use by consumers of digital photography
- ◎ Integrate all social media platforms to create a 360° structure around their online communities

About MH Group Communications and Forum Strategies & Communications

- MH Group Communications and Forum Strategies are independent New York-based consultancies that partnered to perform this study because of their shared experience and interest in the auto industry and social media.
- MH Group Communication specializes in integrating traditional product and corporate communications services with the opportunities provided by emerging social networks and other digital tools. It offers strategic, creative and contemporary programs that take advantage of the dynamic environment surrounding consumer and stakeholder communications.
- Forum Strategies & Communications aims to help clients better shape the social and political landscape in which they operate through innovative, progressive public affairs strategies, targeted and compelling communications and integrated corporate affairs programs that get results. Its executive team has a track record of success on controversial, high-profile issues, and brings decades of combined experience in: Strategic issues and communications counsel, reputation-critical campaigns, multifaceted communications programs, issue advocacy, reputation and branding campaigns.



MH GROUP Communications

A public relations consultancy

that integrates traditional techniques with emerging social media.

A strategic communications and outreach firm that helps major corporations communicate with key audiences on critical issues related to their businesses and brands.

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