

The British love their cars. They love their curves, their mph and their 0-60. The trouble is they also know what car they wouldn't be seen dead in. For Skoda this has always been a problem. Non-Skoda drivers see Skoda drivers as practical people who don't worry about image or street-cred. Skoda drivers, on the other hand, know they are driving a reliable car. As far as they're concerned, the fewer people that share this secret, the better. Basically, everyone's happy.

Except of course, the VW-owned car manufacturer itself. With its new Octavia and Fabia models launched and targets to increase sales by £2.8 mil-

lion, 2001 saw a very real brand challenge beyond the good work it had already started to address when it hired Chris Hawken as head of marketing at the start of 1999. Formerly at Ford and Peugeot, Hawken heads a position he admits Skoda "hasn't had for a while."

"When I arrived, the marketing function was very unstructured," he says. "It was mostly exposure work; physically getting the car out for people to see it." Hawken's main criticism though was the lack of time devoted to non-Skoda owners.

"Research told us that there was 60 per cent brand rejection," he says, "while 'consideration' of the brand

The Czech car maker is finally emerging from years of ridicule thanks to a strong product range and a highly effective direct marketing effort Peter Crush reports

Skoda revival

hovered at the ten per cent mark. Skoda had made no direct communication with brand rejecters, so it was focusing on a tiny number of potential customers. In fact, before I arrived it had never done any direct mail at all."

Challenging this thinking meant that by the summer of 1999 Hawken had pulled the UK marketing function away from Europe, changed its ATL agency and hired a new media buyer Media-Com with a view to running totally integrated marketing solutions. By 2000, initial work was already being conceived by Archibald Ingall Stretton (AIS).

"Skoda's direct marketing has to work a lot harder than most," says AIS

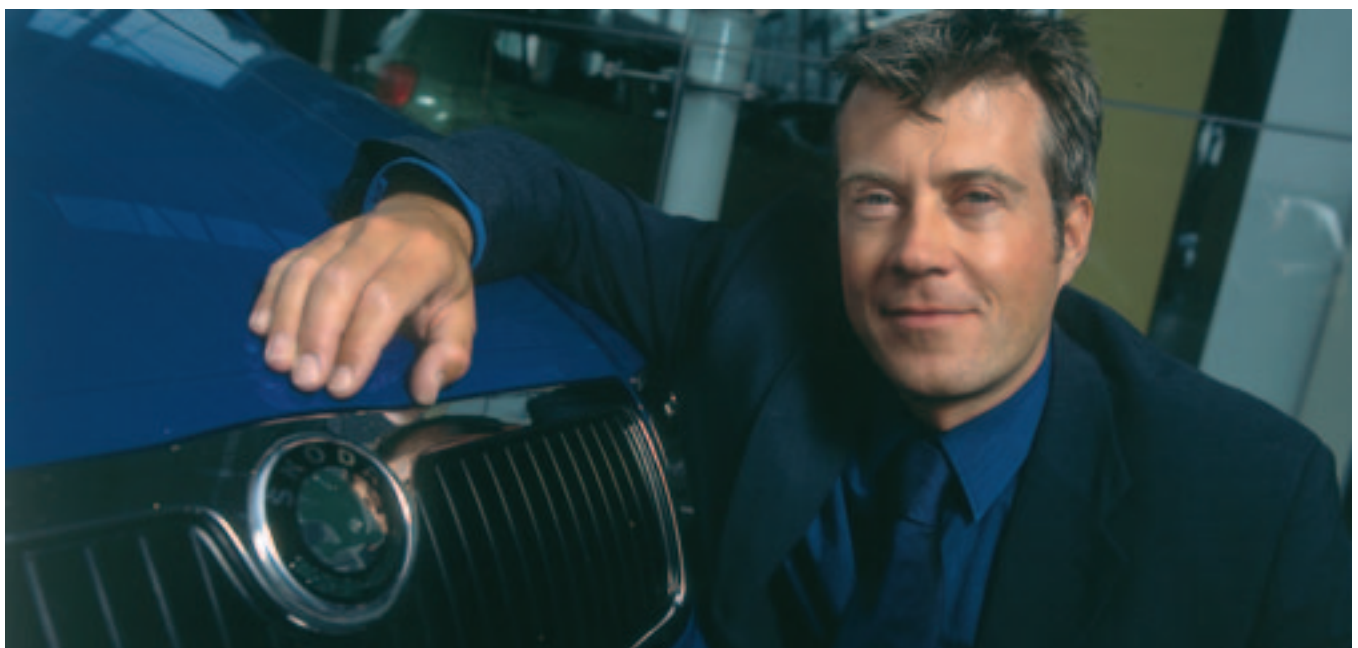
managing partner Stuart Archibald, who has been working with Hawken since winning the account. "The Octavia and Fabia mailings had to positively address people's negative opinions," he adds. "This means addressing the emotional level first before even starting to elicit a response."

But, with high impact TV advertising already under way (the latest feature customers running away in horror after the sudden realisation they are viewing a Skoda) the public was ready, believed Hawken, to receive quality direct marketing material.

Rather than just promote the brand itself (which was the pattern of

previous AIS mailings) it was decided to promote specific models. AIS and Hawken decided to run two mailers simultaneously – one to promote the Fabia, to be sent to 100,000 cold prospects, and the second for the Octavia, to be sent to 55,000 existing owners. This would invite them to upgrade to the latest models. Both were sent out between January and July 2001.

The split, observes Hawken, exemplifies just how differently he is forced to talk to his audience. "The Octavia mailing would be preaching to the converted, so the brief was to communicate with much greater attention to detail. We wanted to invite people to go straight



Chris Hawken: "Skoda had made no direct communication with brand rejecters, so it was focusing on a tiny number of potential customers"

for a test drive without any call for data," he says. "The cold mailing, however, would require information back."

The cold list mailer was drawn from names on a variety of lifestyle and attitudinal lists with the creative approach linked as closely as possible to the current brand acceptance research. "Above-the-line TV advertising had already done a good job of telling people that Skoda do actually make good cars," says Hawken. "It was just a case of dealing with people's fears that our cars still had the Skoda badge on it.

As if by invitation, the Fabia mailing honed in on just this, by literally mailing out a genuine Skoda badge asking prospects to take it everywhere they went—even to bed with them. Also enclosed was a pre-paid reply card asking recipients to tell them what cars they were interested in, when they might be buying a new car, and inviting them to take the Fabia for a test drive.

Badge of honour

"It said everything we needed to say," says Archibald. "Originally the mailing was tested using a cardboard badge that you could push out from a surrounding frame. It cost half the price, but it simply didn't work—you had to have the real thing." Such was the desire not to go for the cheaper option, demand for 100,000 real badges actually left Skoda short for putting them on cars, as all parts are ordered on a just-in-time basis.

The Octavia mailing took a different approach. Sent in an A4 brown envelope, it was designed to look like a communiqué from the Skoda factory—complete even with fake Czech stamps on the outside. Inside it took the form of a spiro-bound policy document including extensive technical data. "Skoda enthusiasts really love this," says Hawken. "This was more about saying you know the car, but did you know there have been a 1,000 technical details changed to make it even better."

The Octavia mailing actually went to two types of target. Ninety per cent went to people who had already made an enquiry to the company and ten per cent to existing Octavia customers. The smaller owner base proportion was due to the fact that the current Octavia model was only 18 months old. The Fabia mailing had a 75-25 split between older and younger customers respectively to test how the younger market performed.

According to Hawken, the results of the mailings have been startling. In a competitive marketplace, the badge mailer drew a three per cent response.

Of these, 75 per cent went on to take a test drive. This equates, he says, to a cost per enquiry of just £20—about half the average in this sector. From the factory pack mailing, five per cent of enquirers responded and eight per cent of existing owners requested a test drive. This resulted in a cost per test drive figure of £28.

Archibald says the similarity of response between Fabia cold prospects and Octavia enquirers is justification of the attention to detail the targeting process went through. AIS worked with data specialist Tree to look in more depth at what makes a prospect interested in the Skoda brand. "This has been the first time we have mixed attitudinal and behavioural data together," says Archibald. "Within the overall response figures, we've found that the best prospects have come from specialist lists rather than lifestyle lists because specialist lists look more at attitude."

The success of the mailers has already seen AIS pick up a clutch of awards at last December's DMA Royal Mail Awards. As far as Skoda is con-



Car humour: Skoda's TV ad campaign clearly uses its previous reputation to its advantage



Test drive: strong response rates to DM

cerned, there is much to cheer about too. Its best selling car for 2001 was the Fabia. More than 250,000 were sold worldwide—up 23 per cent on 2000—and total UK sales of 36,053 units was up 18.2 per cent on the year before.

"I'd like to say it's all down to direct marketing," says Hawken "but we do tend to lose track of customers once they arrive at dealers' doors. I know how many people took test drives, but after that, we can't apportion x or y sales to DM." This is about to change though. "My plan for this year is to properly set in place a sales tracking system, where sales lead sources must be accounted for," he says. "I now think it's vital to see where income is coming from."

But while the success of the current marketing strategy is irrefutable, Hawken admits there is a crunch time ahead about the direction the marketing messages follow. "We've been able to use our self deprecating image to our advantage, but I'm not sure how the next phase of marketing is going to pan out. We won't lose our humour, but there will come a time when we can't use this theme for much longer."

In part, the issue has come from success. "We're further ahead of where I thought we could have been," says Hawken. "Suddenly Skoda is winning 'best car of the year' awards and 'best quality' awards. I'd like to see us advertising Skoda as a brand in its own right. In car years it's not that far off."

In the meantime, information gathering and cold lead prospecting continue to be the priority. Last month, an AIS-designed insert in *Auto Express* drew a 12 per cent response at a 27p per lead cost. "I can't think of any other brand that has so much potential ahead of it," he says. You'd be a fool to bet against him. n