

# Advertising Age®

## Marketer of the Year: Hyundai

**The Carmaker Won Handily in Our Reader Poll, Besting Walmart, McDonald's, Lego and Amazon**

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*Published:* November 09, 2009



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HYUNDAI: Joel Ewanick, Dave Zuchowski, Chris Hosford and Chris Perry stand with a Genesis.

DETROIT (AdAge.com) -- Consider the state of affairs when viewers tuned into the Super Bowl in February: Banks had failed, a stimulus package still hadn't been announced, and unemployment was surging toward 8%, up from 4.8% the year before. Escapism was the order of the day, and most advertisers played right along, with brands like Coke and Pepsi offering saccharine happy-happy joy-joy visions that jarred with the bleak reality.

There was one advertiser, however, that didn't. In the third quarter, in an otherwise standard-issue

cars-rolling-through-landscape spot, a voice-over brought into the light of day something that ranks up there with death and erectile dysfunction as something people don't want to talk about. "Now finance or lease any new Hyundai, and if you lose your income in the next year, you can return it with no impact on your credit."



## 40%

of readers selected the carmaker as the top marketer in 2009 in a vote on AdAge.com.

With that bold stroke, Hyundai -- yes, Hyundai -- an automaker not historically known for fearless marketing, began in earnest a frontal assault on a recession that was not dampening consumer enthusiasm but drowning it. But while its Assurance Program received heavy support, it wasn't the sole route of advance. Hyundai also took an upmarket route, with its very successful efforts to push the Genesis, its entry into the premium-car market that was also pushed during the Super Bowl as well as during the game's female-skewing equivalent, the Academy Awards, where the carmaker bought an eye-popping nine spots.

Engaging with both the broken dreams and the intact ones through high-profile ad buys that garnered plenty of positive press was in sharp contrast to the tail-between-the-legs mode of Hyundai's rivals, many of whom had slashed budgets and retreated into retail-focused advertising. An example of the opportunism:

Those nine Oscar spots -- purchased when GM, then on the verge of bankruptcy, bailed out of the show. For Hyundai, the overall results were clear: Sales and market share were up, and its brand image overhauled.

Hyundai's market share jumped to 4.3% in the first ten months of 2009 from 3.1% in the same year-ago period. In September, while the industry overall suffered a 22% sales drop in a post-Cash for Clunkers hangover, Hyundai managed to increase its new-vehicle tally by 27% to 31,511 units.

Scott Fink, chairman of Hyundai's national dealer council, said he has more showroom traffic today than two years ago. And while his New Port Ritchie, Fla., dealership used to get mostly Detroit model trade-ins, he's now seeing mostly Japanese nameplates. Mr. Fink said he's getting "a lot of Acuras" traded in, along with BMWs and Mercedes Benz cars, for the new Genesis. "We're really eroding other brands."

Before the recession, "these same people [that] never would have been caught dead in a Hyundai" might have worried about what their neighbors would think, said Mr. Fink. "Now people are very comfortable because the brand has been elevated. We used to be a price player, but now we're a mainstream player."

### Searching for stability

A lot has been done to change a very ingrained image of Hyundai in a very short time. Hyundai entered the U.S. market in 1986 with small, affordable, entry-level models that were often the butt of jokes by late-night TV hosts. After early success with these cars, Hyundai hit a speed bump with quality. The automaker started building momentum in late 1998 after introducing the industry's first 100,000-mile warranty, repricing its lineup closer to transaction prices and slashing build combinations. In the middle part of this decade, Hyundai management ranks had a revolving door, and there was a great deal of instability at the company. Ex-Chief Operating Officer Steve Wilhite disbanded all regional dealer ad groups shortly after he signed on in 2006. That angered many dealers and slowed momentum, as the move eliminated some \$300 million in regional ad spending for uniform messages, though most groups have re-formed now.

In early 2007, things began to stabilize when Joel Ewanick, Hyundai's VP-marketing, arrived from Richards Group, then Hyundai's creative and media agency, where he had been director-brand planning. In Chris Perry, the director-marketing communications who had been at Hyundai since 2000, Mr. Ewanick found an ally who thought along the same lines he did.

Mr. Ewanick said the two men "share the same mindset" when it comes to marketing, so they don't need to be at all the same meetings. That's why Mr. Perry has autonomy in many cases to make decisions for fast-track online ad deals, and "he doesn't have to wait for me," Mr. Ewanick said.

One major move came quickly. In April of that year, Mr. Ewanick ditched his old shop and hired Omnicom Group's Goodby, Silverstein & Partners to handle advertising duties after a two-month review.

One of the team's most important challenges was helping Hyundai to get into the driveways of more affluent drivers, something auto pundits were skeptical of. The then-new Genesis sedan started in the \$30,000 range and was the automaker's most ambitious and priciest product ever. (It was the two-door coupe version that Hyundai launched during the Super Bowl this year.)

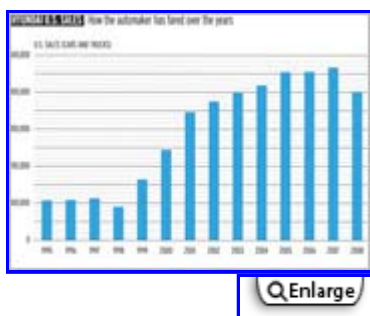
Nevertheless, Hyundai Motor America was in a funk at the end of 2008. With the U.S. auto industry in a tailspin due to the economy, the credit crunch and plummeting consumer confidence, the marketer's fourth-quarter sales dropped by 41% -- more than the total industry's 34.7%. And the company's 2008 vehicle sales slid 14% from the prior year's tally of 467,009 units -- the highest since the American arm of the South Korean carmaker started selling here in 1986. The Genesis launch, too, wasn't exactly a huge hit, as early sales targets were missed and dealers became disenchanted with Goodby's "Think About It" campaign. By fall, there were reports that the Hyundai-Goodby relationship was about to fall apart.

### The genesis of Assurance

This year, however, was a different story. The automaker announced in the first week of January it was launching the Hyundai Assurance program to let buyers or lessees return their new vehicles for up to a year if they lost their jobs. The program was launched with Goodby's high-profile commercial in the Super Bowl and another in-game spot dubbed "Bosses" that touted the Genesis win as North American car of the year at the Detroit Auto Show. Hyundai scooped up sponsorship of the pre-game show, and a trio of 30-second commercials there.

"This is a recession of fear," Mr. Ewanick told Advertising Age back in February. "We realized that the elephant in the room was the fear of losing your job. I feel the same way. We all do. The idea of giving people the option to give the car back if they were struggling . . . seemed a great way to make customers comfortable and increase our market share in an economy like this."

In a recent interview, Mr. Ewanick said the Assurance program came together in 37 days from concept to ads on the air. A relatively lean, flat organization has been one of the automaker's core strengths, he said. "One of the things that have served us well is our ability to adapt quickly to the changing economy and competitive marketplace."



Hyundai's U.S. sales over the years

Nielsen's online post-game survey found 43% of participants said Hyundai's Super Bowl ads improved their opinion of the brand. Rebecca Lindland, research director of consultant IHS Global Insight's automotive group, said the Assurance plan "made people feel Hyundai cared about their situation -- that they were sympathetic, and there's a lot of human emotion sort of selling there." She said Hyundai is "certainly outpacing the market this year, gaining significant share."

Americans were apparently so wowed by the ads and press exposure of the Assurance program that consideration for new Hyundai vehicles jumped to 59% in the first two months of the year, CNW Marketing Research found.

### Filling a void

Hyundai followed up its Super Bowl gambit with an ad blitz in ABC's Academy Awards broadcast, its first national play with the Oscars. The automaker's new media agency, Initiative, Irvine, Calif., had alerted Hyundai to the void left by financially ailing GM as exclusive auto sponsor of the program, a vacuum Hyundai will be filling for three years after inking a deal less than two months before the broadcast. Hyundai also signed a deal with Fox to place its vehicles in "24" and advertise during the show after Ford pulled out.

In April, the marketer dropped Goodby and moved its national creative account, including digital, without a review, to Innocean Worldwide Americas, a subsidiary of Korean parent's Hyundai Motor Group. Innocean also provides media oversight, promotion and events planning for both Hyundai and affiliate Kia Motors America. Jim Sanfilippo, exec VP and CEO of Innocean's Irvine, Calif., office, said Goodby was "a tough act to follow." After reviewing all the metrics, which Innocean had as media coordinator, Innocean opted to stick with the "Think About It" theme.

"We love the brand voice that Joel [Ewanick] has achieved, and that's rare in automotive these days," said Mr. Sanfilippo. Hyundai is "no longer an alternative, we're a rival."

At the end of the half-year mark, Hyundai posted an all-time high U.S. market share of 4.2% compared to 3.1% at the end of June 2008. Not only that, even though Hyundai's monthly June sales slid by 24% from the prior June, it outsold Chrysler Group's volume Dodge brand for the first time, boosting the brand to the sixth biggest by sales in the U.S. in the industry's worst climate in decades. June 2009 marked Hyundai's best monthly sales tally ever, even with decreased sales. June brought another accolade to the brand. Hyundai ranked fourth behind Lexus, Porsche and Cadillac, respectively, in consultant J.D. Power and Associates' annual Initial Quality Survey. In 2008, Hyundai ranked thirteenth in that survey, in which consumers rate their new vehicles at 90 days of ownership.

The Fountain Valley, Calif., automaker kept the pressure on competitors in July. Rather than advertise vehicle incentives that can damage brand image, Hyundai introduced Assurance Gas Lock, which guaranteed summer-month buyers \$1.49-per-gallon for a year. The feisty marketer then jumped the gun in early July, weeks ahead of the Cash for Clunkers' program, with an ad campaign saying it was already offering the tax credits ahead of Uncle Sam's July 24 start date.

### **Good marks**

"We saw the [clunkers] program coming, and we understood the [government's] rules, so we mobilized the program and had ads running July Fourth weekend," said Mr. Ewanick. Hyundai's messages of the early clunker rebates, along with Assurance and the Gas Lock programs, gave the marketer "a better and richer story to tell," he said.

In early October, the marketer started advertising the new [HyundaiMomentum.com](http://HyundaiMomentum.com) microsite, a place for people to see what third parties are writing about the brand's cars and trucks. Ads from Innocean will run online and during NFL TV broadcasts through November.

"We have been receiving a lot of accolades, awards and positive reinforcement from the press and consumers, and shoppers are noticing this," said Mr. Perry. "We needed to find a way to harness this momentum and offer it up in a way that is easy for the consumer to access and understand."

"Hyundai is really ahead of the game," said CNW Marketing Research President Art Spinella, and the brand has managed to capture a lot of shoppers who had Toyota on their lists. He said Hyundai is building its brand and consideration the same way Toyota did decades ago -- "with a good car at a good price and a lot of exposure with a lot of ads."

The marketer said 60% of Americans today are now aware of Hyundai and willing to buy the brand, compared to just 40% two years ago. Mr. Ewanick credited better products backed by the "Think about it" campaign. "It's a proof campaign, and we are giving people evidence about our cars and our quality and our styling, and we keep shoveling on the facts and information."

### **Different buyers**

Mr. Ewanick admitted his budgets have been flat and will stay that way in 2010, give or take a few percentage points. This year he shifted dollars from print to online, buying more on newspaper and magazine

sites. The automaker spent nearly \$115 million in U.S. measured media in the first half of 2009 vs. \$107 million in the same six-month period of 2008, according to TNS Media Intelligence. Both figures are without internet spending. The marketer spent \$348 million last year, including internet, TNS reported.

"Hyundai has been very successful with their new-product launches," especially the Genesis line, said Alexander Edwards, president of consultant Strategic Vision's auto group. The sedan and coupe models attract buyers with median annual household incomes of \$120,000 vs. \$75,000 across the rest of Hyundai, Strategic Vision data show. "Clearly the Genesis has brought in a new kind of buyer to Hyundai," Mr. Edwards said.

As for what rivals make of Hyundai's innovation streak, he said the "Bosses" Super Bowl spot showing German and Japanese-speaking car execs screaming at underlings because of Genesis' car-of-the-year win, isn't so farfetched. Competitors he wouldn't name, including mass and premium makers, are asking Mr. Edwards, "What do we have to worry about with Hyundai?"

"Everybody wants to find out what Hyundai will do next," he said.

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