

Ford fiesta movement

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In April 2009, The Ford Motor Company launched a new marketing campaign called the Ford Fiesta Movement. The campaign had an unusual approach, never previously used before by Ford since being incorporated in June 1903: Ford used amateurs to create ads for Ford Fiesta, their new B category car and relied on (an artificially designed) Word of Mouth Marketing that used online social media to build awareness. Their thinking was unusual in two ways: Today, it's a familiar case to everyone to use blogs and social media to engage buyers, but in 2009 letting consumers take over your brand was unheard of.

Plus, Ford decided to create a campaign for a product that was not on sale and would not be sold for another 12 months from the start of the campaign ('atypical timeline' -Exhibit E). Two months into the campaign the marketing team responsible for the effort had to evaluate the campaign's performance and possible next steps. There are two key questions: How do you evaluate a marketing campaign's performance for a specific product, when in reality you haven't sold anything? What should Ford do after the campaign to leverage the newly built brand awareness and convert interest into sales?

Measuring Campaign Efficiency - Will we make enough profit at the end? 1) Calculate expectation: There are very few hints in the case study that allow the reader to understand how Ford would measure success: Ford targeted 9% market-share from the total amount of new passengers in the B category, a segment that consisted of 437,000 passengers - that works out to an expected 39,330 cars sold. At the start of the campaign Ford expected a 100,000 test drives within the 12 months. Calculating with Ford's expectation of market share, it sounds like Ford expected to sell 39.

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330 cars out of the 100. 000 expected test drives, which tells us that every test drive, in Ford's mind has a 39% conversion rate. This is one benchmark we can use to assess the prospects of the campaign. At the time of evaluation Ford accounted for 6, 000 test drives for the 2 months, unless there is a fundamental change in the number of cars available for test drives, the trajectory is that this will allow Ford to assume a total of 30, 000 test drives ONLY for the next 10 months of the campaign, and a sum of 36, 000 test drives for the total year.

Calculating with the assumed 39% test-drive success rate Ford seems well behind on its plans to reach a 9% market share. ($36,000 \times 0.39 = 14,040$ vs. 39,330) Why is this problem? 2) Will this trajectory make enough profit? What sort of profit does a car manufacturer make on a new car? Unfortunately, no profit margin % figures were given in the case study, but if one looks at industry averages on the internet (Exhibit A), the average manufacturer makes about 4.13% net profit margin on every car.

I am going to use this percentage and the given selling prices in the case: both the low-end and high-end selling prices in order to calculate potential revenue and profit generated against the year to date and year to go spend to assess whether the test drive figures for Ford Fiesta are an indication of an acceptable Return on Investment or could they be dangerously low? The calculation above shows worst case and best case scenarios.

The calculated figures above show that Ford needs to be very careful: If the test drives remain this low, and the majority of buyers chose a low-end, lower spec, low priced car, the campaign with industry average net profit margins would probably not be on break-even. This tells us that it would

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probably be worth importing more test cars from Europe - see cost reasoning below - as soon as possible or/and transform some cars that are now currently used by the advocators into test driving cars, e. g. Ford could make a policy that the bottom 20% advocators would have to hand over their cars for better use.

These two steps (importing more cars and converting advocators cars) seemingly would be vital to deliver business success. 3) Measuring Campaign Efficiency - Other Performance Indicators - The Reach and CMP Based on the case study Ford is happy about their early results when it comes to their website visits, video-views, tweets and blog mentions, these all perform above expectations they say. But how can we make sure that the spending of \$3, 000, 000 is justified for the amount of impressions Ford experienced in the first 2 months?

Calculating the total Reach is relatively easy, we could in theory add up all the impressions from all internet sources mentioned in the case study to get an arbitrary number for total impressions reached with this spending - see below chart. Ford exposed a total of 5, 049, 256 people to their Fiesta Movement. This means that the target audience watched and paid attention to what Agents got up to, leaving comments and replying to videos, and linking the Agent content on their own web-sites. But was this the most effective spend of the \$ 3 million?

To compare this, we need to calculate the CPM and compare this to different media spend at the time of the campaign - 2009. The CPM: using the cost of the campaign and dividing that by the number of impressions, expressed in thousand is: $3, 000, 000 / (5, 049, 256 / 1000) = 600$. This number is <https://assignbuster.com/ford-fiesta-movement/>

atrociously high when compared to TV (\$10), Magazine (\$7), Cable TV (\$6) CPMs in 2009 (Exhibit B) - I hope I calculated this correctly. So the question is: Would TV/Radio/Cable TV be able to generate the same number of test-drives and conversion? We do not have data for this, unfortunately.

What Ford was looking at at the time was that the campaign was on track when it comes to building a buzz around the new product and the total cost of the campaign was going to be small when compared to the overall cost of a nation-wide TV campaign. Below I compared the expected web-visits, video-posts, calculated indexes and also calculated total impressions for areas like Video's posted online, photos posted online and tweets. Mid-term corrections The measure of success of a marketing campaign in the car industry is the number of test drives that can turn into sales.

As mentioned above, these were WELL BELOW expectations in the case of Ford Fiesta because of the limited cars available. This was not just an opportunity for Ford; it was a must to increase the number of cars available for test drive. It would have been a crucial business decision to import more cars suitable to drive in the U. S. to expand the number of cars available to try for the Public. The cost of a test car is around \$20,000 (\$2 million divided by the 100 cars employed from the case)- this includes import duties and running costs. Let's say a car can bare an average 5 drives a day, with 10 months remaining from the campaign that would be $(365/12 * 10 * 5) = 1,520$ test drives per car and we expect 39% of those turning into sales = 593 potential car sales - that is a potential \$5,931,250 Revenue and \$244,961 profit (calculating with 4,13% average industry margin). This means each and every car added to the test-drive pool has a huge potential to generate

incremental revenue and sales for Ford. On top of this, cars should have been taken from the bottom 20% of bloggers based on their performance and put into the test drive pool. Converting Interest into Sales

There are a number of ways one can convert interest into sales. Without testing these Ford would not know which ones deserve more resources than others, so I am going to list these ideas, but will not elaborate as no test results are available: Using the collected e-mails to send out newsletters with special videos, personal messages and even promotional offers (one year insurance for free if you buy now...) Following up promotional e-mail messages with a Telemarketing effort inviting people who opened e-mails for test drives Embedding promotional offers to all YouTube videos

Asking newest Ford Fiesta buyers after the launch to become brand ambassadors and post their positive experiences on their personal social media circles (Facebook, twitter, YouTube).

I think not using fresh, new buyers for a product for future testimonials is a lost opportunity Promoting the opportunity of test-drives in all social media channels and in Point of Sales more aggressively for a set period of time (Twitter, YouTube, and Facebook) - (assuming the issue with lack of cars for test drives has been corrected) Partnering with selected car dealers agreeing that they would fill their full car park with Ford Fiesta's for a two week period and no other cars would be placed on their premises (based on the successful Heineken pub case)

Sending direct mail packages to selected previous Ford users if such list is available, whose cars are about to reach a certain age (5-7 years) with a

message that it is time to change. The list needs to be well selected, assuming that we target people who are in need of a B category car Campaign in high-schools or around the teen-age target audience (teenage car show?) building messaging on Ford's highest safety perception in 2009 & 2010 listed in the case study Closing Remarks Although the case is set two months into the Fiesta Movement, as the team evaluates just the first set of metrics and seemingly they are behind target on their most crucial metric: number of test drives, we already know that Ford decided to continue the Fiesta Movement and thus created a unique campaign that left everybody much (!) wiser about marketing in the digital space and proved everyone that social media has tremendous potential for business organizations.

Ford Fiesta became the company's best performer, far exceeding the company's expectations, helped turn around not just Ford's business performance but stock performance as well (Exhibit D). This is probably because the campaign worked with a perfect idea of identifying and using capable individuals who are able to generate a steady-stream of content to raise interest level AND who are positively motivated to share their experiences when a Ford Fiesta is in their daily lives. This combination created tremendous market receptivity.

We now also know that the effects of the campaign are beyond any imaginations or forecasts*:

- Ford sold 10, 000 cars in the first week of sales for the fraction of the cost of a national TV campaign

- The campaign generated over 30, 000 original content, 40, 2 million Twitter and Facebook impressions and 229 million consumer engagements
- Produced over 50, 000 requests for more information from people who never used a Ford before
- The campaign also generated high profile media coverage in outlets like The Wall Street Journal, Forbes, USA Today and CNET. According to Ford's research, 60% of the public is now aware of the Fiesta brand even though the vehicle has not yet debuted, a metric that would have cost \$50 million in traditional media spend to achieve. (*Enhanced Online News, 2010 July: Action Marketing Group Awarded Golden Effie for Ford Fiesta Influencer Campaign)