

TITLE OF CASE STUDY: Lincoln "Dreams"

Business Situation

In 1998 Lincoln was the top selling luxury car brand in the US. Riding high on the success of the new Navigator, the brand overtook Cadillac for the first time in over 10 years. Fast forward to 2005 and luxury leadership was a long-forgotten trophy, as brand sales and segment share tumbled well below those glory day levels.

A shrinking product lineup, relatively minor product freshening and changes in strategic positioning had contributed to a troubling consumer perception. Lincoln was seen as "old" luxury and not relevant to the buyers gravitating in ever-greater numbers to Lexus, Infiniti and other luxury marques. The flow of conquest buyers coming into the brand had declined and those that were willing to purchase Lincoln grew older and had lower-incomes than the rest of the segment. In fact, the Lincoln buyer began to have more in common with non-luxury vehicle buyers than with those of competing luxury brands.

As late 2006 approached, the automotive market was in the midst of resounding change and Lincoln was a brand fighting for its very survival. Despite the fact that luxury segments were reversing the overall industry trend of declining sales, Lincoln market share and sales had reached their lowest point in recent history. The brand knew that it had the opportunity to improve its situation via a trio of new/redesigned vehicles that would freshen the product lineup...but more importantly, it recognized that if Lincoln was to survive, it would be critical that it expand its appeal to a larger audience and re-establish an image as a fully-fledged luxury player for the longer term.

Campaign Objectives

- #1: Improve opinion and consideration of the Lincoln brand.** *(25+% increase in favorable prospect opinion/purchase consideration metrics)*
- #2: Conquest new buyers to reinvigorate the brand's owner body.** *(Raise % competitive owners in mix to 33+%)*
- #3: Grow sales and share as quickly as possible.** *(Reverse decline/achieve 10% improvement over '05 MY)*

Strategy

- Make a strong emotional connection between the new Lincoln target consumer and the revitalized Lincoln brand.
- Deliver a message built on the values that the target Lincoln prospect holds dear while showcasing the new vehicles and implying rational product positioning and features.
- Ensure that every channel, traditional and new, present a consistent, unified brand experience and consumer takeaway

Budget

The "Dreams" launch campaign budget was broken down as follows: Broadcast 63%, Digital Media 15%, Print 11%, Other Digital 4%, Direct 3%, Experiential/Sponsorship 2%, Radio 1%, Outdoor 1%

Research Strategy & Insights

- The Lincoln brand's strategic direction was grounded on consumer insight developed through an extensive series of proprietary research (quantitative and qualitative) among luxury owners & intenders. This work included multiple waves of positioning investigations, ethnographic studies and finally, a unique luxury customer segmentation study.
- Each of the projects contributed to identifying and understanding drivers of the dramatic growth in the luxury market as well as changes in the luxury product offerings and buyers.
- These findings showed that, as the number of brands and offerings in the luxury market were multiplying, so too were the types of buyers—with U.S. luxury vehicle buyers splitting into increasingly distinct categories. In fact there was not one, but three identifiable segments of luxury vehicle buyers—classified as "Old World", "Money is Everything" and "American Dream".

Key Finding #1: Three Segments of Luxury Customers

- Old World (25% of the luxury market) - Traditional, Elegant, Formal, look for large, highly luxurious cars to host others in; pay cash
- Money is Everything (23% of the luxury market) - Ostentatious, Excessive, Bold, more self centered/self conscious, preferring fast, personal cars that get the notice of others
- American Dream (52% of the luxury market) – Understated, Casual, Modern, want luxury vehicles that are not too big or too expensive; outside recognition is not a priority

Of these newly-defined buyer types, the Lincoln brand had the best opportunity to become associated with the ideals and identity of the “American Dream” consumer group (particularly with its more recent, as well as upcoming, vehicle offerings).

Key Finding #2: “American Dream” Core Behaviors/Beliefs

- They believe in the transforming power of the American Dream
- They are self-made optimists who are working hard, setting their sights on realistic goals
- They are accomplishing their goals with determination and resiliency
- They believe earned success deserves to be rewarded

Key Finding #3: American Dream Values & Beliefs

- ‘American Dream’ consumers are genuine not brash, arrogant, superficial or pretentious
- They prefer the type of luxury that is grounded and approachable, but still progressive
- Consumers already associate Lincoln with many of these characteristics
- These values translated into a set of beliefs held by this consumer:
 - *Life has many possibilities*
 - *Hard work pays off*
 - *Successes deserve reward*
 - *Rewards are inspiration to keep pursuing possibilities*

These insights formed the basic foundation of the new Lincoln re-launch campaign that would set the stage for a new wave of Lincoln nameplates —MKX, MKZ and redesigned Navigator. The “Dreams” campaign creative approach was solidified under the theme of “Reach Higher”, encapsulating the beliefs and values of the American Dream prospect. It was designed to make a strong emotional connection with the “American Dream” target consumers by linking their goals, dreams and aspirations to the brand. Lincoln would become the “earned reward” for those living the American Dream, inspiring the self-made to continue advancing to be their best...”To keep rising. To do more. To dare more.”

Campaign Description

A fully integrated campaign was developed to deliver the message. The “Dreams” campaign consisted of two main stages:

Pre-Launch (mid June –September ’06)

“Traditional” Channels

*Network TV and National Cable
National Magazine
Newspaper*

“New” Channels

*Major Online Web Portals
Cinema (In-theater :60s)*

Launch & Sustain (Late August ’06- September ’07)

“Traditional” Channels

*Network TV and National Cable.
National Magazine:
Direct (Owners, Handraisers & Potential Conquests)*

“New” Channels

*In-Market and Lifestyle Sites Online (Aligned with Passions)
Amazon Online partnership
Redesigned Website/Experience
OOH/Alternative Media
Events- “Savor The Dream” Tour program*

- Both stages of the campaign combined traditional and new channels to deliver the creative/brand message to consumers. Specific properties within the channels were selected based on their alignment with the American Dream target’s passions.
- Traditional mass reach channels (broadcast and print) were critical to quickly seed the “Dreams” idea, generate maximum awareness during pre-launch/launch, improve favorable opinion and build sales volume upon launch.
- One-to-one and new channels/alternative media were chosen to extend the reach of the campaign, engage

prospects more deeply and ultimately, improve favorable opinion. Of particular note, digital and event components (“My Dreams” web experience that offered the ability to explore your dreams as well as the stories of others pursuing theirs and “Savor The Dream” luxury tailgating events) were instrumental in allowing prospects, especially potential conquest prospects, to experience the brand.

- Media Target Audience: Adults 35-54; HHI \$100K-\$250K; Purchased new luxury vehicle; Decision maker
- Media was aligned with the American Dream target’s passions (e.g. travel, epicure, finance/investments, shelter) and weighted based on their consumption levels.

Pre-Launch Testing Results

Broadcast creative demonstrated ability to shift prospect opinions.

- The “Dreams” campaign creative showed significant potential to positively impact both emotional and rational brand factors among consumers who viewed the spots in execution testing prior to campaign launch.

Demonstrated Ability of Creative to Shift Brand Opinion

<u>Emotional Factors</u>	After Seeing Hoops	After Seeing Ditch	After Seeing Surfer	Control	<u>Rational Factors</u>	After Seeing Hoops	After Seeing Ditch	After Seeing Surfer	Control
	Inspiring	35	22	29		14	Is Attractive	51	39
Alluring	35	35	34	22	Is Distinctive	42	39	37	17
Love to own	42	39	37	20	Is Refined	40	36	30	19
Worth It	27	23	27	13	Is User Friendly	38	33	29	17
Consistent High Quality	43	33	36	24	Is Innovative	36	27	32	16

○ indicates significantly higher vs. those not seeing ads
 ○ indicates strong directional positive impact vs. those not seeing ads

Source: Lincoln “Dreams” Campaign Copy Test – IPSOS

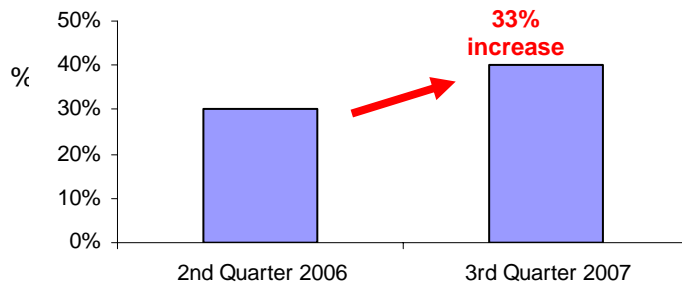
Post-Launch Business Results (based on original campaign objectives)

Objective #1: Improve opinion and consideration of the Lincoln brand.

The “Dreams” campaign had a significant positive impact on key brand health metrics.

- Compared to the quarter preceding the campaign launch (Q2 2006), Favorable Opinion advanced 10 percentage points.

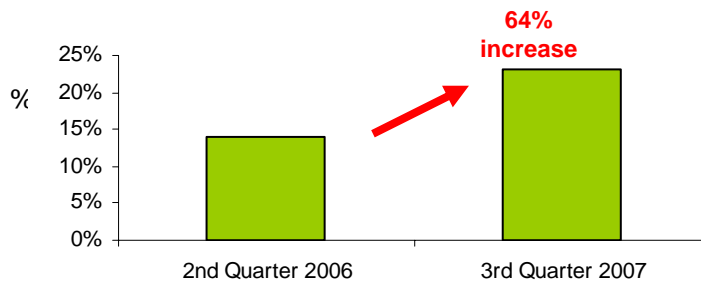
Favorable Opinion Increase



Source: Ford Proprietary Brand Equity Tracking Study Q2 '06, Q3 '07

- Purchase Consideration increased, with nearly one-quarter of prospects willing to consider purchasing a Lincoln after the campaign broke.

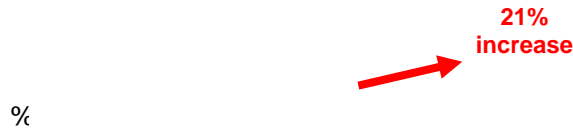
Purchase Consideration Increase



Source: Ford Proprietary Brand Equity Tracking Study Q2 '06, Q3 '07

- Importantly, the brand showed improvement in moving prospects from Awareness to Favorable Opinion.

Increased Conversion From Awareness to Favorable Opinion



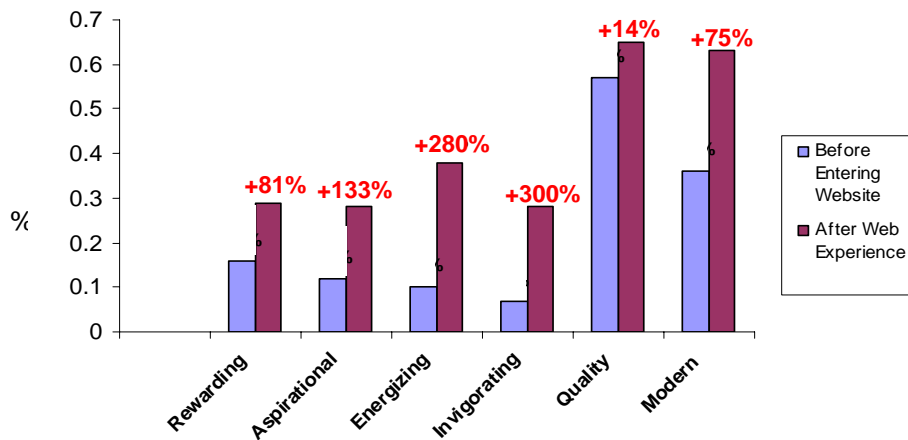
- While not a truly quantitative measure of ability to change opinion, one of the campaign's lead spots received an unsolicited "likeability" kudo by consumers (and the industry) when "Hoops" was included on the Ad Age/AIG "Top 20 of 2006" poll of favorite ads—the only automotive commercial to be included.

Source: Ford Proprietary Brand Equity Tracking Study Q2 '06, Q3 '07

Web Experience demonstrated ability to shift prospect opinions.

- Website research designed to measure improvement and/or degradation of key tasks and metrics over time for the Lincoln.com site recorded a significant improvement in brand perceptions after viewing the "My Dreams" web experience.

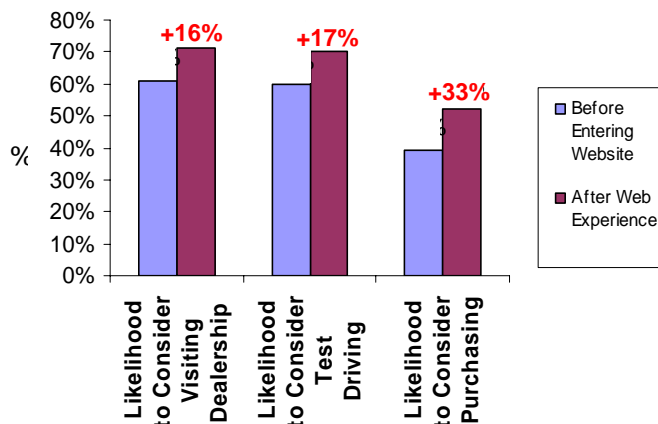
Web Experience Brand Perception Shift



Source: Keynote Systems Inc. Research April 2007

- In addition, key consideration measures of dealership visit, test drive and purchase intentions increased after encountering the "My Dreams" Web Experience.

Web Experience Consideration Shift



Source: Keynote Systems Inc. Research April 2007

Experiential event program demonstrated ability to influence prospect opinion and consideration.

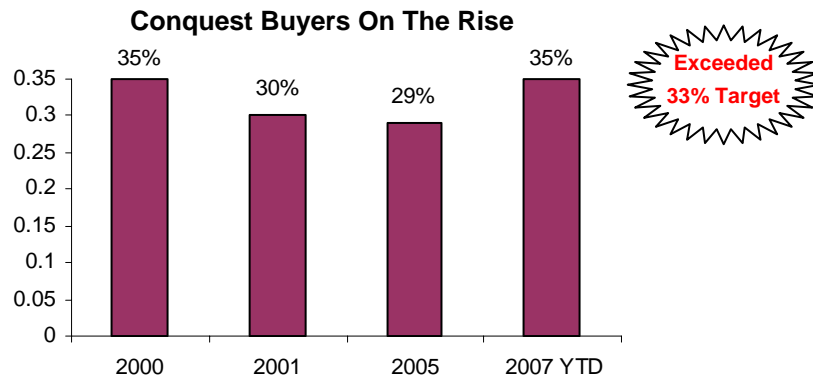
- “Savor the Dream” event program reached over 374,043 targeted consumers and executed 4,729 test drives
- Of those attending the program...
 - Brand opinion was positively influenced by the event for 92% of attendees
 - Purchase consideration more than doubled
 - 67% of event attendees will pursue additional Lincoln information following the event (visit dealer, visit website)
 - 34% of attendees will tell 5 or more people about their event experience

Source: Onsite pre/post event survey

Objective #2: Conquest new buyers to reinvigorate the brand's owner body.

Percentage of conquest buyers rose after the launch of the “Dreams” campaign

- The campaign contributed to quickly reversing the declining trend of attracting conquest buyers.
- Buyer data shows that the source of sales for the campaign’s focus vehicles attracted a higher percentage of conquest buyers coming to the Lincoln brand.

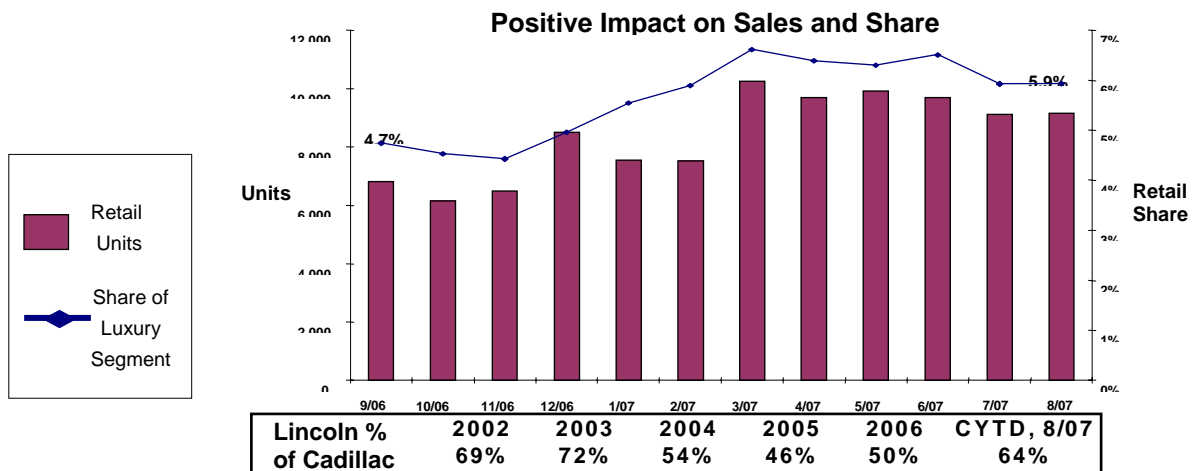


Source: Maritz NVCS 2006; 2007 YTD

Objective #3: Grow sales and share as quickly as possible.

Lincoln sales demonstrated strong increases following the launch of the campaign

- Lincoln’s share of the luxury market increased 1.2 percentage points (8/07 vs. 9/06), no small feat in a marketplace that has been facing sales challenges due to the economy.
- Lincoln made strides in closing the sales volume gap with Cadillac
- In 2006, Lincoln sales were 50% of Cadillac sales volume. CYTD August '07, Lincoln sales were 64% of Cadillac.



Source: R.L Polk Registrations

- All of these efforts combined to make Lincoln the fastest selling full line luxury brand in the U.S. in 2007 model year-to-date through July.

Strong Sales Increase In A Difficult Market



% Sales Increase or Decrease Over Previous Year

