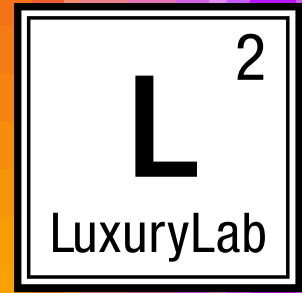


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L2

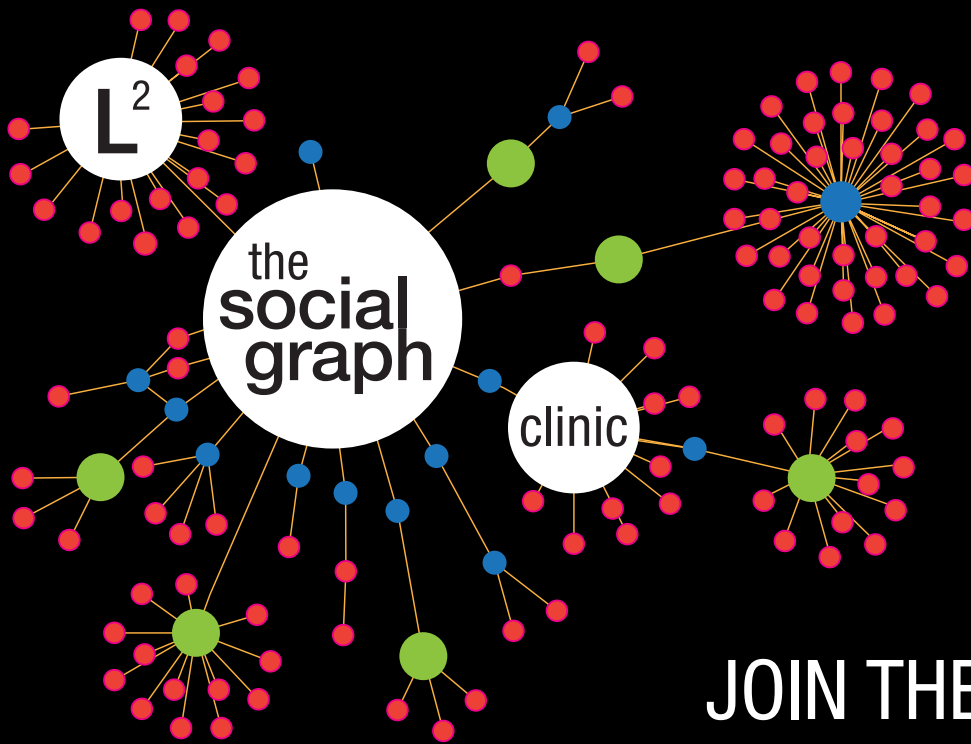
DIGITAL IQ *INDEX*TM

Ranking the digital competence
of automobile brands

SCOTT GALLOWAY
NYU STERN

JANUARY 2010

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January 29, 2010
 NYU Stern

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Academics and industry professionals highlight the opportunities, challenges, and underpinnings of social media programs in the prestige industry in L2's one-day, intensive clinic for executives and managers:

AGENDA:

- 8:15 REGISTRATION & BREAKFAST
- 9:00 **MODULE 1:**
THE BIG PICTURE
- 10:30 (break)
- 11:00 **MODULE 2:**
PLATFORMS & TECHNOLOGY
- 12:30 (Lunch)
- 1:45 **MODULE 3:**
BEST PRACTICES
- 3:30 (Vosges chocolate tasting)
- 4:00 **MODULE 4:**
PRESTIGE CASE STUDIES
- 5:15 (Snooth wine & cheese tasting)

● **The Shift**

(Why this demands a new culture and way of viewing marketing)

● **The Tools: Facebook, Twitter, SEO, Blogs**

(How they work—independently and together)

● **Measuring Success**

(From followers and friends to financial and non-financial impact)

● **Best Practices & Case Studies**

(What prestige brands are doing well and why)

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MAUREEN MULLEN
 Lead Researcher | L2 (LuxuryLab)

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INTRODUCTION

No One Is Immune

Although no industry is immune to the economic crisis, the auto sector has been especially hard hit. The fact that recessions always end is cold comfort for many auto companies because economic downturns can catalyze a reconfiguration of consumer preferences. Most were caught flat-footed and are finding that doing what they've always done will no longer get them what they've traditionally gotten. American automakers may be experiencing the greatest pain under the harsh light of the recession. Archaic management practices, labor constraints, slow innovation cycles, and uninspired marketing have caused them to cede share to more deft foreign competitors. However, with new-vehicle sales down 21 percent year-on-year, everyone has reason to worry. Even mighty Toyota is experiencing pain. Much of the industry has matched the reliability of its cars, rendering Toyota models just, well, boring.

A Crisis Is a Terrible Thing to Waste

Hard times breed innovation and opportunity. In the auto industry this means disparate wagers on hybrids, electric cars, and changes to the supply chain. One area of innovation nearly all auto companies are embracing is digital. There is fruit to be reaped, but a long road ahead. Most auto sites rely on standard navigation architecture and sales funnels riddled with roadblocks, especially in the pass-off from parent site to dealership. Digital marketing efforts are often a tail-wags-dog process as decreasingly effective broadcast media strategies reign supreme in the board rooms filled with old men who watch TV in real time and have never been on Facebook. Some automakers, however, recognize that tomorrow's buyer doesn't visit dealerships on weekends

much less endure the industry's weapon of choice, the commercial. The German brands, Audi, BMW, and Mercedes, have been especially deft on the Web: taking risks, innovating, and outselling languid competitors with a strategy that couples a stronger digital footprint and fewer dealerships.

L2 Digital IQ = Shareholder Value

Our thesis is that digital aptitude will be the defining competence that separates winners from losers in the industry. Key to managing and developing competence is an actionable metric. This study attempts to quantify the U.S. digital competence of the world's top 44 automobile brands and rank them by Digital IQ. Our aim is to provide a robust tool to diagnose digital strengths and weaknesses and help automakers achieve greater return on incremental investment. Most exciting, the data from our study demonstrates a significant correlation between Digital IQ and year-on-year-sales revealing what may be a forward-looking indicator of sales by brand for the industry.

Similar to the medium we are assessing, our methodology is dynamic, and we hope you will reach out to us with comments that improve our approach, investigation and findings. You can reach me at scott@stern.nyu.edu.



Scott Galloway

*Clinical Associate Professor, NYU Stern
Founder, L2 (LuxuryLab)*

METHODOLOGY

PLATFORM - 40%

Website Effectiveness: Half the score reflects reinforcement of core brand associations and values through aesthetics and content. The remaining half is based on technical elements, including use of technology, navigability, and the commerce funnel.

- **BRAND TRANSLATION**
 - **Aesthetics**
 - **Messaging & Interactivity**
- **TECHNICAL SITE ELEMENTS**
 - **Technology Integration**
 - **User Interface/Customer Service**
 - **Configurator**
 - **Dealer Interface**

OFF-PLATFORM MESSAGING - 25%

Digital Marketing Efforts: Online advertising, microsites, mobile initiatives, e-mail marketing, and other messaging.

- **ONLINE ADVERTISING AND INNOVATION**
- **MOBILE (Compatibility, Advertising and Applications)**
- **E-MAIL MARKETING**

SOCIAL MEDIA - 20%

Social Media Presence: Following, content, and influence on major social media platforms, as well as buzz on blogs and other 2.0 forums.

- **FACEBOOK**
- **TWITTER**
- **YOUTUBE**
- **USER-GENERATED CONTENT**

SEARCH ENGINE OPTIMIZATION (SEO) - 15%

Visibility: On popular search engines.

- **TRAFFIC**
- **KEYWORD VISIBILITY (Organic & Paid Search)**
- **WEB AUTHORITY**

RESULTS

The Digital IQ Index ranks brands according to their digital competence, parsing each into one of five categories:

140+ GENIUS

Digital competence is a competitive advantage for these brands. Their sites are search optimized, aesthetically engaging, functional, and interactive. They are experimenting and engage users on the edge of the network through compelling digital and mobile advertising and social media content. Automaker views the dealership site as integral to the brand Web experience.

110-140 GIFTED

Sites are crawlable, brand enhancing, and strong commerce channels. Brands are typically present on all major social media channels and have a history of adept multichannel digital campaigns.

90-110 AVERAGE

These brands have functional but predictable sites. Innovation efforts are uninspired and lack ambition. Boilerplate Web marketing.

70-90 CHALLENGED

These brands poorly integrate the purchase and product experience. Engagement is limited to Web property, and digital campaigns are an afterthought.

<70 FEEBLE

Brands have largely ignored the digital phenomenon. Sites lack basic functionality and navigability, and brands disregard online advertising and social media.

AUTOMOBILE BRANDS RANKED BY DIGITAL IQ SCORE

Overall Rank	Brand	Price Point Category	Category Rank	Overall IQ	Class	Description
1	Audi	Luxury	1	157	Genius	Digital Einstein maintains consistent brand messaging across every online channel
2	BMW	Luxury	2	142	Genius	Great social media, commerce-orientation, and microsite branding
3	Mercedes-Benz	Luxury	3	140	Genius	M-brace mobile platform is among the most innovative
4	Volkswagen	Premium Entry-Level	1	138	Gifted	Unique dealer-centric site architecture and strong social media following
5	Ford	Value	1	133	Gifted	Best-in-class configurator interfaces seamlessly with dealer inventory; tremendous social media efforts
5	Scion	Value	1	133	Gifted	Poster-child Gen Y brand understands online innovation
7	Toyota	Value	3	132	Gifted	Site traffic and innovative social media help brand overcome poor site aesthetics
8	Ferrari	Ultra-Luxury	1	128	Gifted	Ultra-Luxury's champion; great interactive site content and community-building
8	Jeep	Premium Entry-Level	2	128	Gifted	Pulls ahead of Chrysler cohorts with spirited messaging and interactivity
8	Lexus	Luxury	4	128	Gifted	Top-notch customer service and exceptional online branding for hybrid launch
8	Mini	Premium Entry-Level	2	128	Gifted	Among the most playful on the Web; site delights
12	Nissan	Value	4	127	Gifted	Standard issue across the board, but delivers on commerce-orientation
13	Chevrolet	Premium Entry-Level	4	124	Gifted	Leads in SEO, great traffic and visibility, but where is the brand heritage?
14	Porsche	Luxury	5	119	Gifted	Passion for brand translates to greatest Facebook fan following
15	Cadillac	Luxury	6	117	Gifted	Generic GM configurator and off-site after-sales service hurt this luxury player
15	Honda	Value	5	117	Gifted	Social media maven: 'Everyone Knows Someone Who Loves a Honda' campaign is inspired and fun
15	Volvo	Premium	1	117	Gifted	<i>Twilight</i> promotions have boosted social media efforts and online brand buzz
18	Mazda	Value	6	109	Average	Seamless incorporation of dealer sites; actually socializes on social media sites
18	Infiniti	Premium	2	109	Average	Brand seal of approval endorses dealers demonstrating top online service
20	Acura	Premium	3	108	Average	Functional and clean presentation but lacks innovation
20	Buick	Premium	3	108	Average	Best brand translation among GM divisions. Used Twitter feedback to reexamine SUV launch.
22	Chrysler	Premium Entry-Level	5	101	Average	Chrysler brands leverage standard, purchase-oriented site template
23	Dodge	Premium Entry-Level	6	100	Average	Comes in just behind sister brand Chrysler. Surprising? Probably not.
23	Kia	Value	7	100	Average	Momentum microsite and social media campaign generate significant traffic
25	Hyundai	Value	8	94	Average	Great traffic and SEO, but site lacks commerce orientation essential to value positioning
26	Jaguar	Luxury	7	93	Average	Site navigation is feeble, but points for strong social media and mobile advertising
27	Land Rover	Luxury	8	92	Average	Strong site, but anemic social media following
28	Subaru	Premium Entry-Level	7	92	Average	My Subaru owner testimonials provide authentic customer voice on site
29	GMC	Value	9	91	Average	Site is GM standard-issue, but brand lags behind siblings in social media presence
29	Saab	Premium	5	91	Average	Struggling brand also fails to translate on the Web; Change Perspectives microsite is a bright spot

Overall Rank	Brand	Price Point Category	Category Rank	Overall IQ	Class	Description
31	Smart	Value	10	81	Challenged	Takes leaps with social networking site, but fails to deliver on the easy stuff
32	Lincoln	Premium	6	80	Challenged	Another luxury brand damaged by parent: Web aesthetics don't deliver on brand promise
33	Mitsubishi	Value	11	76	Challenged	Social media is a lifesaver for otherwise drowning Mitsubishi
34	Mercury	Premium Entry-Level	8	75	Challenged	Minimal social media presence damages this Ford brand's IQ
35	Bentley	Ultra-Luxury	2	72	Challenged	Stunning site, but invisible on the edge of the network
36	Hummer	Premium	7	71	Challenged	Add poor digital aptitude to the growing list of brand afflictions
37	Pontiac	Value	12	71	Challenged	GM's dying brand suffers from limited Web resources and poor branding
38	Aston Martin	Ultra-Luxury	3	66	Feeble	Configurator may be the worst out there, requires 10 minutes to install software plug-in
39	Maserati	Ultra-Luxury	4	65	Feeble	User-generated content is highlight on site, but brand gets dinged for poor traffic and SEO
40	Rolls-Royce	Ultra-Luxury	5	63	Feeble	Gorgeous site; not much else
42	Suzuki	Value	13	55	Feeble	Site disappoints; brand has largely ignored social media
41	Tesla	Luxury	9	55	Feeble	Auto's newest entrant gets good traffic, however Investor-oriented site is text heavy and lacks product focus
43	Lotus	Luxury	10	43	Feeble	Poorly organized, haphazard site hinders a brand built on design aesthetic
44	Lamborghini	Ultra-Luxury	6	31	Feeble	Site is a navigational nightmare, takes four mouse clicks to see a Lamborghini

CATEGORY SAVANTS: DIGITAL IQ AWARDS BY PRICE POINT

In addition to overall IQ rankings, some brands deserve recognition for leading digital efforts in their competitive category.

Price Point Category	Brand	Digital IQ	Category Rank	Overall Rank
Value	Ford	133	1	5
Value	Scion	133	1	5
Premium Entry-Level	Volkswagen	138	1	4
Premium Entry-Level	Jeep	128	2	8
Premium Entry-Level	Mini	128	2	8
Luxury	Audi	158	1	1
Luxury	BMW	142	2	2
Ultra-Luxury	Ferrari	128	1	8

DISCOVERIES

Digital IQ = Higher Sales

Data shows that Digital IQ has a .48 correlation to 2009 new-vehicle sales growth. Brands with high Digital IQs have better weathered difficult market conditions. On average, brands ranked “Gifted” and above demonstrate a six percentage-point advantage in new-vehicle sales growth versus brands ranked “Average” and below. Brands categorized as “Challenged” or “Feeble” saw sales declines 12 percent greater than average.

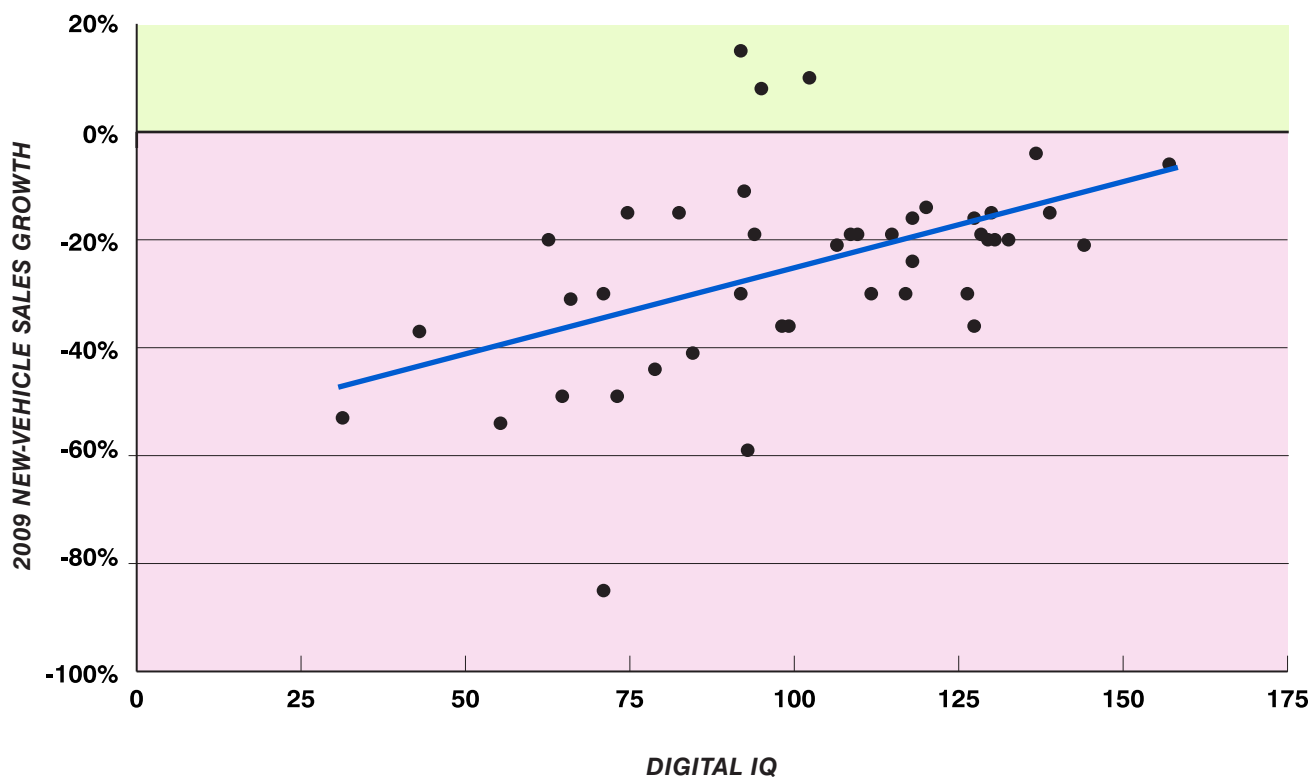
RUSS WINER

Marketing Department Chairman
NYU Stern



“A preliminary analysis of the relationship between Digital IQ and year-to-year change in sales across the 44 brands shows the significant and positive impact of Digital IQ. A 10-point increase in Digital IQ equates to a 3 percent increase in sales for the 44 brands.”

DIGITAL IQ & 2009 NEW-VEHICLE SALES GROWTH



Digital Tipping Point

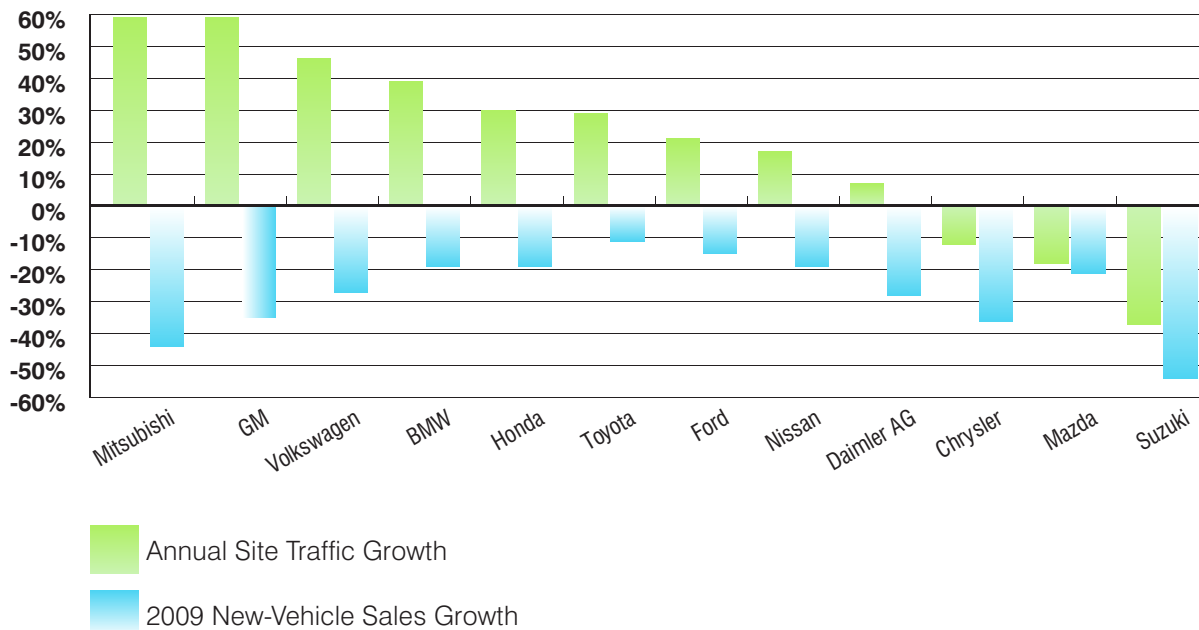
New-vehicle sales have declined 21 percent¹; however, traffic to U.S. branded auto sites has increased 46 percent. Although the core business of automakers is declining, the importance of online efforts is increasing, suggesting a fundamental shift in the way consumers interact with brands.

¹ *MotorIntelligence: U.S. Light Vehicle Retail Sales, December 2009*

Mighty Microsites

More than half of automakers use microsites to supplement brand-level advertising campaigns, augment new vehicle launches, or house online promotions. Many of these microsites generate up to 45 percent of upstream referral traffic directly from social media platforms, highlighting the important—and growing—role of these platforms.

SITE TRAFFIC GROWTH vs. 2009 NEW VEHICLE SALES
by Auto Conglomerate



Social Media Explosion

Most brands are present on major social media platforms. From October to November 2009, brand fans, followers, and subscribers on Facebook, Twitter, and YouTube grew 71, 69, and 17 percent, respectively. Captive audience growth is astounding, but auto brands largely underutilize social media. Only 30 percent of the brands on Twitter retweet or converse with users, and many automakers restrict their Facebook wall to brand posts, outing their misunderstanding of social media's underpinnings.

German Giants

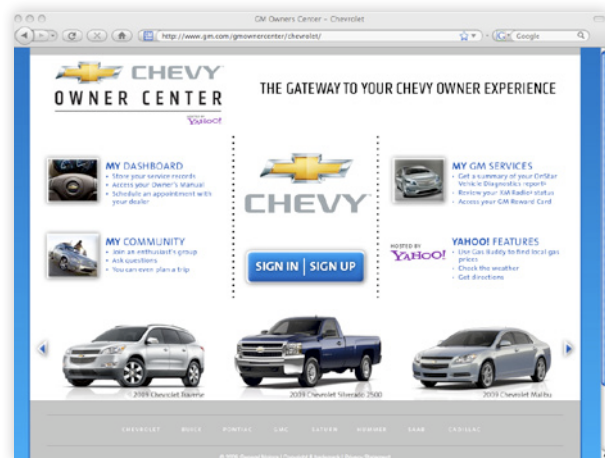
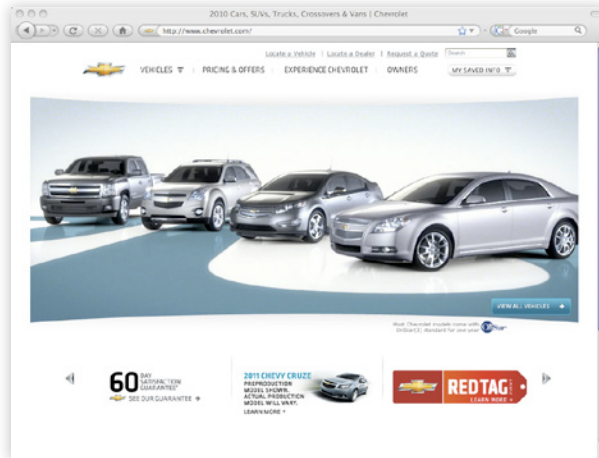
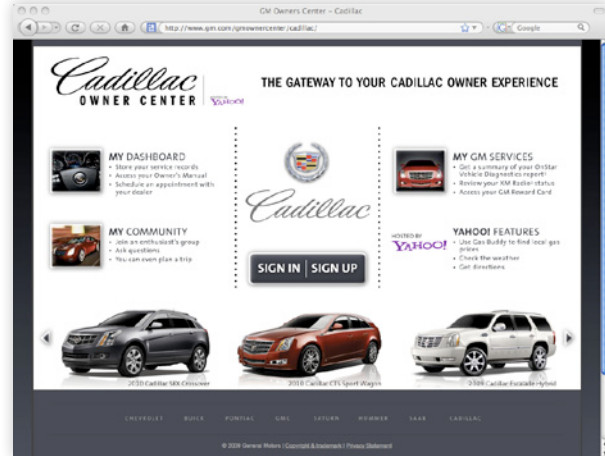
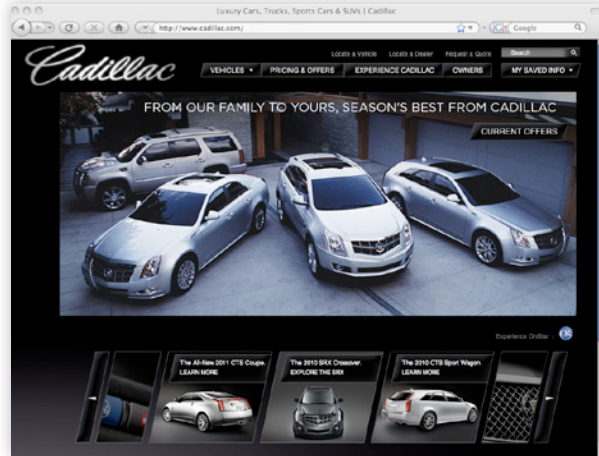
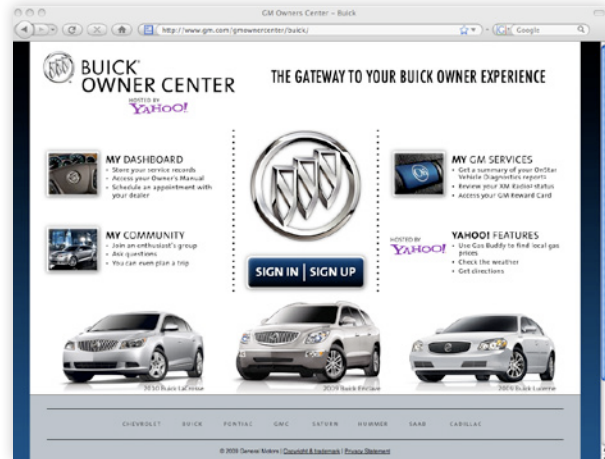
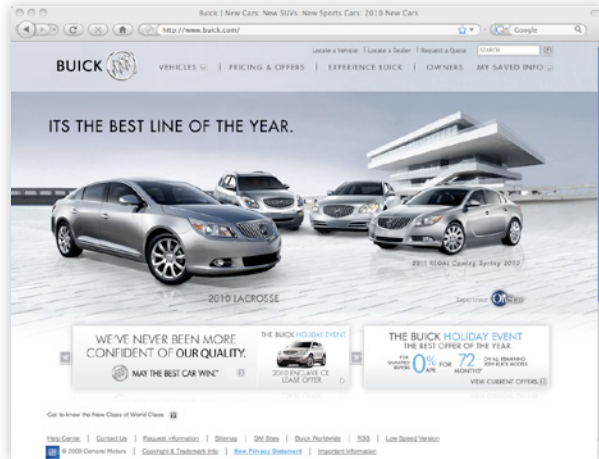
The top four brands and all three “Geniuses” are headquartered in Germany. These brands—Audi, BMW, Mercedes-Benz, and Volkswagen—understand the importance of multi-channel digital marketing and have made remarkable innovation leaps online without compromising commerce-orientation or brand promise.

American Ingenuity (Lack of)

Of the 14 American brands evaluated, only two, Ford and Jeep, scored in the top 10. U.S. brands were penalized for leveraging economies of scale to a fault. The Big Three—GM, Ford and Chrysler—all deploy a corporate site template, consolidated cus-

tommer service tools, and, in some cases, shared social media across brands. Although standardized sites score points for user-friendliness and commerce-orientation, digital homogeneity also results in massive brand erosion.

SIMILARITY ACROSS GM PLATFORMS



FULL REPORT

Download the complete Digital IQ Index: Automobiles for analysis and detail behind the rankings.

The 155-page report includes:

- **BRAND ANALYSIS:** Comprehensive evaluation of all 44 brands, organized by competitive category. (See sample on next pages)
- **INDUSTRY INSIGHT:** Analysis, rankings, graphs, and statistics detailing overall industry findings in Platform, Off-Platform Messaging, Social Media, and SEO
- **EXPERT COMMENTARY:** Timothy Bruns (Creative Director, Cheil North America) and Cindy Gallop (former head of BBH US) assess brand translation, aesthetics, and interactivity for all 44 brand sites
- **VISUAL EXAMPLES:** More than 380 screen shots illustrating each brand's online executions
- **SOCIAL MEDIA:** Assessment of Facebook, Twitter, and YouTube presence, including qualitative observations and fan, follower, and subscriber counts
- **MOBILE:** Advertising, applications, and site compatibility for each brand
- **FLASH OF GENIUS:** Analysis of each brand's most innovative online effort
- **SEO ANALYTICS:** Most popular keywords, upstream and downstream referrals, and affinity sites for each brand

COST: \$2500

DOWNLOAD NOW

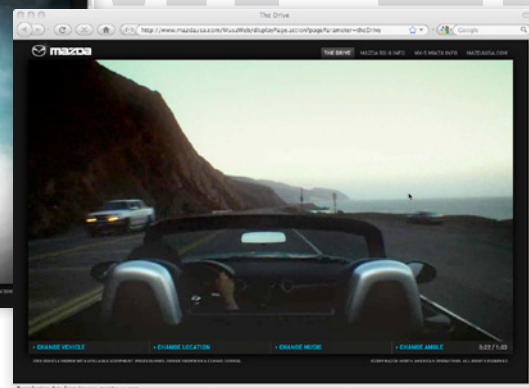
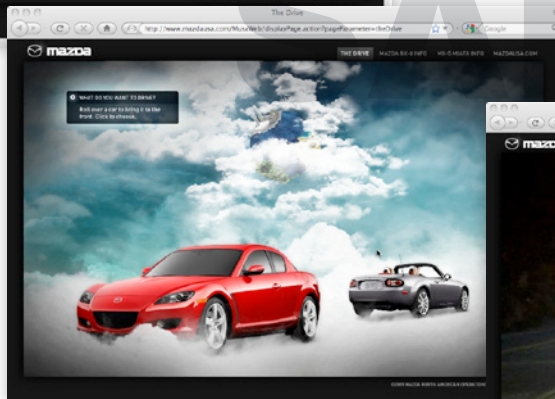
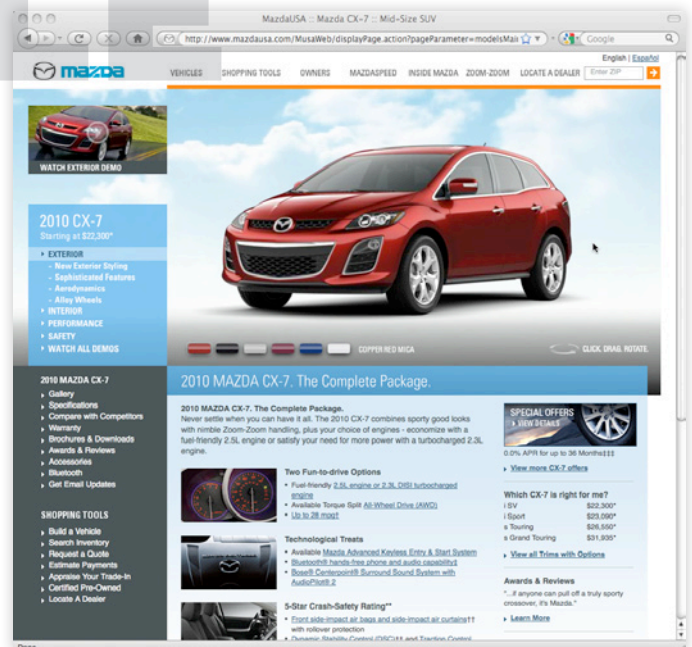
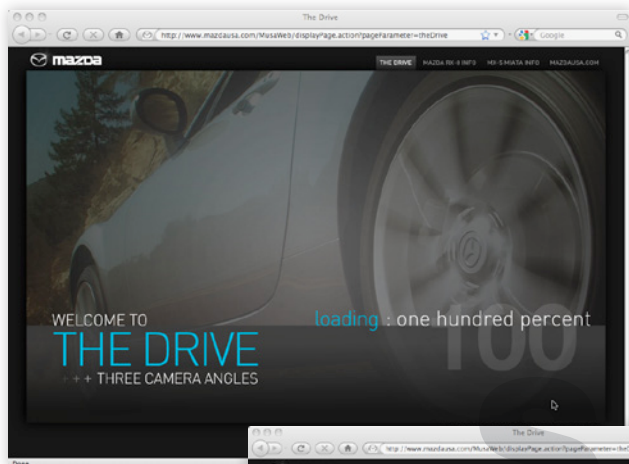
at L2thinktank.com/autodigitaliq

A functional—albeit standard—site, substantial online advertising, and strong U.S. traffic place Mazda atop the average ranks.

The brand has embraced some Web innovation, including a Linked-In poll and The Drive microsite, which allows users to enjoy a simulated Mazda driving experience on some of America's well-known roads.

However, the Japanese manufacturer's social media messaging is poorly maintained and uninspired, with correspondingly small followings.

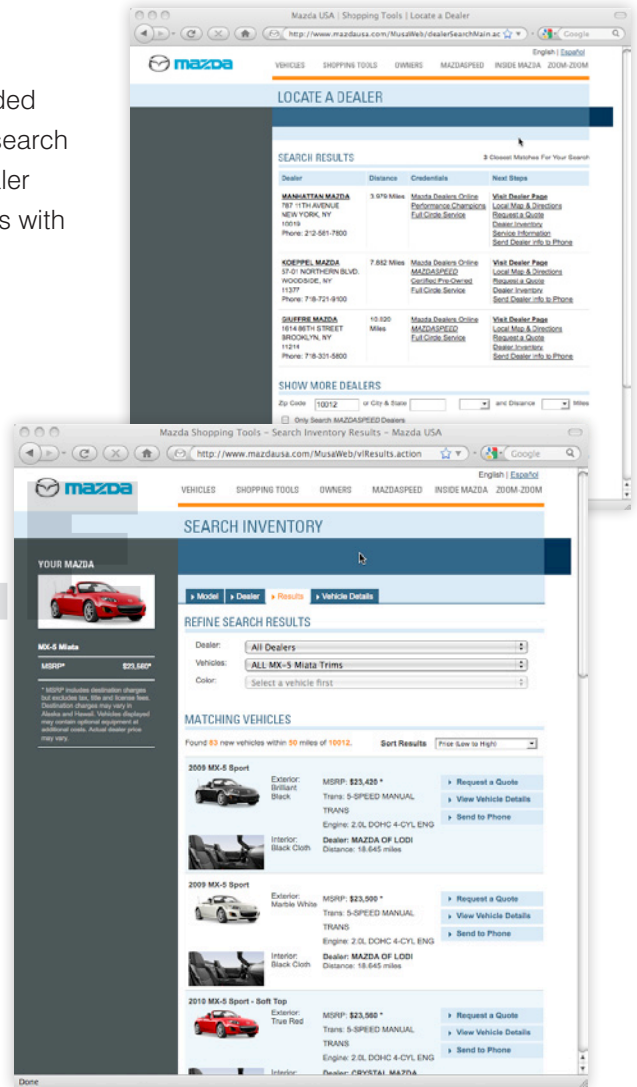
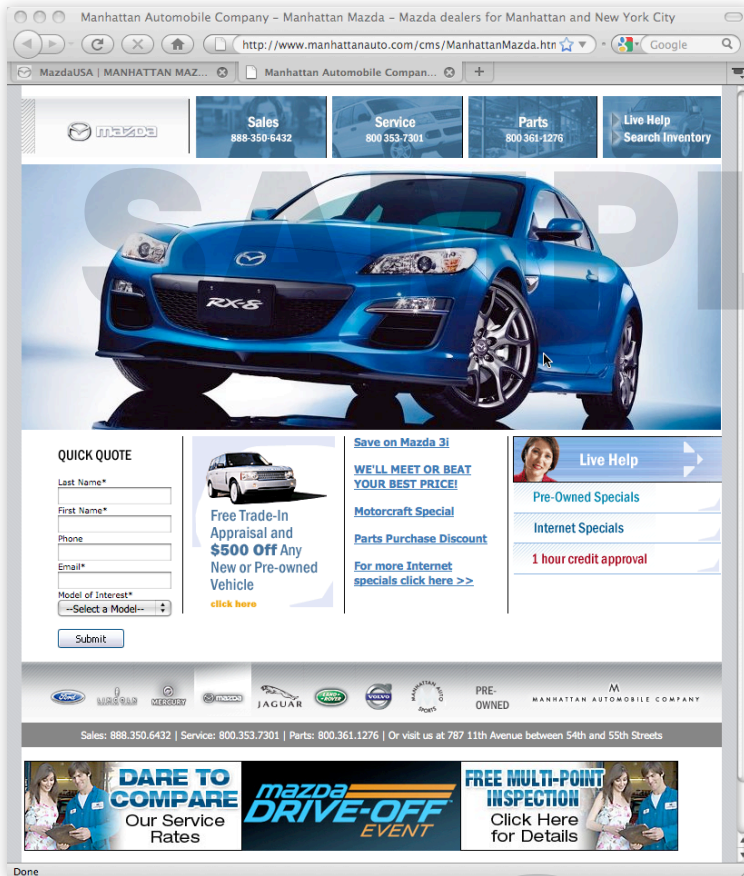
DIGITAL DASHBOARD: Overall Online Performance



>> MAZDAS247, A YOUTUBE CHANNEL EXTENSION OF THE NON-BRAND-AFFILIATED MAZDAS247.COM 2.0 SITE, COMES UP FIRST IN SEARCHES AND HAS MORE VIEWS THAN THE MAZDA-BRANDED YOUTUBE CHANNEL. <<

MAZDA DEALERS ONLINE

Mazda is the only brand to incorporate dealer sites under the branded site's URL. From the embedded sites, users can request a quote, search vehicle inventory, and access sales, service hours, and special dealer promotions. The Mazda Dealers Online program recognizes dealers with superior online service.



SAMPLE

SEO ANALYTICS

	1	2	3	4	5
Organic Keywords	mazda	mazda 3	mazda usa	mazda 6	mazda 5
Upstream Sites	google.com	mazda.com	yahoo.com	facebook.com	cars.com
Downstream Sites	google.com	yahoo.com	mazda.com	edmunds.com	facebook.com
Audience Also Visits	mazda.com	mazdasweepstakes headquarters.com	forddriveontour.com	whatsmysandwich.com	threeolives.com

>> MAZDA AGGRESSIVELY PURCHASES KEYWORDS TO DIRECT TRAFFIC TO ITS SITE AND COMES UP FIRST IN PAID SEARCH FOR COMPETITOR SEARCHES. <<

SPOTLIGHT ON MOBILE

Mobile Score: 3.5

Online since 2007, Mazda's mobile site is clear and easy to navigate.

The launch of Mazda 2 included a targeted mobile video campaign.



SOCIAL MEDIA

	Name (Top Followers)	# of Fans/Followers/Subscribers	Observations
Facebook	Mazda	1,112	It is hard to tell if this is official; content is limited to photo posts from the host.
Twitter	NewsFromMazda	858	Conversations and links, but last tweet dates back to mid-October 2009.
YouTube	Mazda_USA	58	Features commercials and racing footage; returned very low in YouTube search for "Mazda."

FEATURED EXPERT:

CINDY GALLOP

Founder & CEO | IfWeRanTheWorld.com

Aesthetics: 0

Messaging: 1



"This site is absolutely atrocious. It is such a cheap-looking mess that I headed in desperation for the tab marked 'Zoom-Zoom', hoping for something better. This is where I discovered the 'Brand essence video,' which looked remarkably like they used the rip-off the agency originally presented. This is also where, buried halfway down a column of type, is what is apparently Mazda's vision and mission statement:

All children instinctively know it.

A few adults still remember it.

One unique car company refuses to outgrow it.

In grown-up language, it means the exhilaration

And liberation that come from experiencing sheer motion.

But as usual, children put it much better.

And simply call it Zoom-Zoom.

We practice it every day.

It's why we build the kind of cars we do.

Mazda. Always the soul of a sports car.®

Now, if that's the passion that drives you, it's why you build the kind of cars you do, and it's your soul, why is it buried deep in your site halfway down a dense column of type? 'The Drive' was a good feature and much more 'Zoom-Zoom' like, but you had to find your way to it.

Why not start there?"

FEATURED EXPERT:

TIMOTHY BRUNS

Executive Director of Creative

Cheil North America

Aesthetics: 2

Messaging: 1



"Overall the site is poorly designed and lacks differentiation, brand story; or experiential components.

The filter tool was the start of something better. This tool allowed me to slide a series of scales based on price, seating capacity, fuel economy, and horsepower and then the selected choices would populate the models that fit my criteria. It wasn't the prettiest tool, but it was quite useful.

Overall, from a brand that considers itself to be youthful, passionate, self-confident, stylish, insightful, and spirited, the site and experience missed the mark."

For more about your brand's Digital IQ, **CONTACT US.**



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PRESS: press@L2thinktank.com