

Interview

Thought Leaders

An Interview with Scott Keogh, Chief Marketing Officer, Audi of America



Scott Keogh

EDITORS' NOTE Prior to joining Audi, Scott Keogh worked at Mercedes-Benz USA for more than a decade. Most recently, Keogh was General Manager, Marketing Communications. Previous positions at Mercedes-Benz included General Manager, Smart USA. Prior to leading Smart USA, Keogh was responsible for corporate communications for MBUSA. Keogh has a Bachelor of Arts from Hobart and William Smith Colleges in upstate New York.

COMPANY BRIEF Audi of America Inc. (www.audiusa.com) is headquartered in Herndon, Virginia. Its 270 dealers offer a full line of German-engineered luxury vehicles including 23 models, 12 of which were launched during model years 2008 and 2009. In selling one million vehicles worldwide in 2008, AUDI AG recorded its 13th consecutive record year for sales growth. Audi AG is a 99 percent owned subsidiary of Volkswagen AG.

How is Audi approaching marketing today in this economically challenging U.S. market?

Audi looks at the world a little differently than a lot of other corporations are looking at the world right now. There are a few dynamics driving that. The first dynamic is that the Audi brand, regardless of what's going on in the marketplace, has never been stronger than it is right now. We've had a record number of units sold globally, record profits announced

for 2008, and specifically here in America, the brand is on a roll.

The second thing, which is only going to increase over the coming years, is we have a lot of tremendous products coming into the marketplace.

The third thing that's happening is our competition is starting to blink a little bit and hitting the brakes, and if we stay on the gas now when others hit the brake, we can really make some gains. So we are looking at this opportunistically in our spending, in our tactics, and in what we want to do in the marketplace.

Is Audi's message consistent worldwide or is the focus more regional?

The brand is at different phases around the world. Internally, we always use a metric of what we call the rule of three. In most categories, you have the big three who generally control 60 to 70 percent of the market share with everyone else fighting over that fragile ground that's left over. In Europe, we're firmly entrenched: It's Audi, Mercedes, and BMW. The Japanese have no foothold there; Lexus doesn't do any business there at all. We are an absolute leader brand.

In America, we have to look at it a different way. We put ourselves in the position of being a challenger brand. There is a rule of three in the States: it's Lexus, BMW, and Mercedes; they control the share, and we're in the battleground with a lot of other what we call tier-two luxury brands. So it is different than it is in Europe, and our goal as a challenger brand is to aggressively break into the rule of three. So we're a little more provocative, challenging, and aggressive here. There are leaders with a traditional definition: big budgets, big market share, big dominance. And then there are thought leaders. We put ourselves in the thought leader position. So we try to do advertising that's provocative, and we try to make products such as TDI clean diesel and aluminum space frames that show our leadership on the thought side of the equation. If we lead on thought, we will lead on the more traditional volume and share areas.

What kind of events do you host to help put potential buyers in the seat of an Audi?

We offer the Audi Driving Experience where we take our cars around the country and invite customers in these markets to come

drive our products. We also hold Audi Sports Car Experience at a permanently planted track at Infinium (Raceway) out in Sonoma (California). We have thousands of customers a year who pay upwards of \$400 to \$2,000 to take these cars on a test track and experience them. Audi authentically invests in our interiors and in our materials; we're one of the last brands that has not cut corners – all these things matter. And it's in our best interest to put people into our cars because we know if they sit in them, for the most part, they're going to be surprised it's an Audi, and that's even before they drive it.

You recently announced a sponsorship with the New York Yankees. Why was that the right fit, and where do you see the partnership going?

Strategically, it fits with moving Audi from the great unknown to the known. We are a recognized gold standard, and the Yankees are a recognized gold standard – whether you love them or hate them.

The second thing that's important about this deal is that it did not come about from somebody sitting in a corporate headquarters saying this is a smart thing. It actually came from the ground up. Our dealers working with our region then approached us. It was three parties: the dealers, the regional guys, and corporate who put the deal together.

The third important factor is that about 18 to 20 percent of our national sales are in the tri-state area. Our brand is strongest here, built off of Quattro and a strong dealer network, so partnering with the Yankees made perfect sense. Once you get all that stuff, the rest is structuring the deal. We have the signage, the hospitality to treat customers and high-end owners right, and dealers can host events at the stadium – it makes perfect sense.

Your passion for Audi and this business really comes through. Are you really having this good of a time?

Yes, 95 percent of the time. Get me when I'm on a plane after the fourth business trip, and my batteries are dead on my iTouch, and my wife is going on about the 14 things on the list on the home front that are not getting done, and I'll tell you differently, but I do enjoy it. Audi is at a very special moment in time where the brand is growing in strength. They always talk about the mythical tipping point, and this brand is here. That excites me. ●