



Scott Keogh

EDITORS' NOTE Scott Keogh was named to his current position in the summer of 2012 after serving six years as the company's Chief Marketing Officer. 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 this, he 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) and its U.S. dealers offer a full line of German-engineered luxury vehicles. AUDI AG is among the most successful luxury automotive brands globally. Audi was a top-performing luxury brand in Europe during 2012, and broke all-time company sales records in the U.S. Through 2016, AUDI AG will invest about \$17 billion in new products and technologies.

What has made Audi so consistently successful?

We spend around \$2.5 billion per year in product development, so we fundamentally believe that, regardless of the market, you have to be in it for the long-term, and you have to continue to reinvest in new technologies.

From an emotional standpoint, as a company, we're fanatical. For example, each and every one of our board members goes on drives around the world to extreme locations and they don't have an engineer do it – they are engaged all the way down to fit and finish issues.

What I love the most is that it's an extremely restless company. We're always trying to tweak something.

How do you define the market for your product?

The luxury market in America is about 10 percent of the total market. We define luxury

An Extremely Restless Company

2014 Audi R8

An Interview with
Scott Keogh, President, Audi of America

by brand, so it's what we call the import high group – Volvo, Acura, Mercedes, BMW, and us. It's the imported luxury brands.

Last year, in America, there were about 1.44 million luxury cars sold. So already we're talking about a rarified space; and we have 10 percent of that market, so we're about a 1 percent overall market share brand.

How we define the market has less to do with price point than delivering a product that is an Audi.

The real benchmarks of Audi are high design, high technology, and this concept of absolute craftsmanship. This has led to a lot of the niches and expansion of the portfolio.

On the flip side, you have to look at what the U.S. market is looking for. This is where you have seen Audi diversify.

The first big trend in SUVs years ago were minimal; now they make up roughly about 40 percent of the luxury market.

This past year, SUVs were growing at more than twice the normal luxury car market. So this is a business we have gotten into and that has led to a lot of the proliferation.

The second big thing you've seen from Audi are sports models – we've used our heritage in this regard to our advantage.

Since we are a global brand and one that will sell somewhere to a tune of 1.5 million cars globally, this gives Audi the economy of scale to manage platforms and technologies, and make these offerings.

In America, there are only three global luxury brands – Audi, BMW, and Mercedes-Benz. The importance of being global is it gives you the economy of scale to offer all of these models.

Are there certain characteristics of an Audi that are consistent for the brand?

From the exterior, what makes an Audi is proportions. The greenhouse on an Audi is always one-third the vehicle, and below the greenhouse is always two thirds.

You will also always see our single frame grill, the LED lights, which are modified on each car; and you will see design precision.

The interior is where an Audi comes to life. What you will see is high-quality materials, absolute perfect fit and finish, and things like the touchpad, which only we offer, as well as the emergence of technologies, like Audi Connect.

Technologies will vary car to car, but we try to launch them in one car and then put

them throughout the portfolio. This happened with the LED lighting and Audi connect.

How critical is it to lead in technology? Can you avoid interfering with the driving experience?

There is a consumer desire for technology, and the ability with all the options out there to load the car to the gills.

Much like a chef, proportion and portion are crucial – it's about seamlessly integrating these things, so you're still enjoying the car and you're still able, without distraction, to use the technology.

It's also important to offer different options for reaching the same interface you're trying to get to. We allow people to use our touchpad with a dial but also to script write on the pad itself. So we keep the dashboard aesthetically pleasing, but we also allow you to get at all the possibilities of an Audi in a relatively clean fashion.

Also, the issue with consumer-grade technology and automotive technology has also been a struggle. The average car has a seven-year platform lifecycle and you generally only see advances at the product improvement level, but they're usually minor; and then you see the big leagues when the new car comes about.

The problem is that people are upgrading phones every few months, and the electronic infrastructure of cars isn't keeping up with iPads and phones, and gaming devices.

So we work with a company that handles chips for a lot of mobile devices and we have their latest chip inside of our cars. But the crucial thing we're doing is that we built it as a module, so every model year we can upgrade the chip.

How do you ensure you don't lose the innovative edge as you grow?

You have to maintain the chip-on-your-shoulder challenger attitude all the time.

It's tougher to do. You have to hire people, keep people, maintain people, and motivate people so that they have that fanatical restlessness.

The cycles of technology and consumer preference are staggering and fast. We're always pursuing new projects and innovations.

We spend a lot of time changing the game-changers. It keeps the executive teams restless. ●