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# VOLVO CAR GROUP

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## Press Release

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### Volvo Cars announces new global marketing strategy

- **Challenges traditional car marketing**
- **Marketing budget to increase**
- **One motor show per continent; Volvo-branded event to replace motor shows**
- **New online marketing channels will establish digital leadership**

Volvo Cars today announces a brand new global marketing strategy that allows it to market and sell cars in ways never before seen in the global automotive industry.

"The car industry is one of the most conservative, least evolutionary marketing clusters in global business," said Alain Visser, Senior Vice President Marketing, Sales and Customer Service at Volvo Cars. "For decades, car marketing has been following a certain pattern which is followed by the entire car industry. Now, Volvo Cars chooses to defy that logic and implement a strategy that is geared towards its own needs."

The new strategy – the 'Volvo Way to Market' – focuses on four areas: marketing tools, digital leadership, dealerships and service.

One significant development contained in the new marketing strategy is that Volvo will in future concentrate on three key international motor shows, one each in Europe, the US and Asia. In addition, it will conduct an annual Volvo event to showcase its products and brand. It will also place online sales and marketing at the centre of its marketing strategy and drastically upgrade its dealerships and service offering.

In order to achieve these goals, Volvo is increasing its marketing budget.

"With the Volvo Way to Market, we don't want to throw all existing marketing concepts overboard," said Mr Visser. "Many of them exist for a good reason. We also don't want to have the arrogance to say that we are better than all the rest. But we do have the self-confidence to say that we are different. So our way to market needs to be different as well."

The details of the new strategy are as follows:

#### **Marketing tools**

The Volvo Way to Market entails a radically new approach towards the tools used to market Volvo cars to the general public.

#### *Motor shows*

Volvo Cars sees the need to expose the press and customers to its brand, products and innovations, but motor shows are not always the best way to do this. "Motor shows are a rather traditional affair in which brands crowd out each other at set times in the battle for press exposure," said Mr Visser.

That is why Volvo Cars will gradually reduce its motor show activities and remain in one motor show per region per year: Geneva in Europe, Shanghai/Beijing in China and Detroit in the United States.

Instead of following the traditional motor show calendar, Volvo Cars will embark on a series of new initiatives that seek to have a stronger and more individual approach towards the press and customers.

Similar to the Stockholm launch event for the all-new Volvo XC90 in August of this year, the company will organise an annual Volvo event where the Volvo brand, new products and innovations are presented in a manner that is commensurate with its brand and identity.

#### *Advertising*

Volvo Cars' advertising spend will not be at the level of its larger competitors. That means the Volvo Cars message needs to stand out and the company will need to be selective in terms of media channels. Volvo Cars plans to significantly increase its investments in its brand message.

#### *Sponsoring*

Every brand in the industry is involved in some form of sponsoring activity, mostly because it is regarded as a 'must have' within the marketing mix. Volvo Cars questions that logic and has decided to wind down most of its sponsoring activities.

Instead, Volvo Cars will increase its commitment and investment in the Volvo Ocean Race. Rather than just another sponsoring activity, it sees the Volvo Ocean Race as purely Volvo. It is the most competitive, fair and pure blend of people with nature.

#### **Digital leadership**

The biggest revolution currently underway in the car industry is not happening in the headquarters of manufacturers themselves, but in peoples' living rooms.

The vast majority of customers around the globe shops online nowadays. Rather than going from dealership to dealership, car buyers now go from website to website.

As a result, the first leg of the Volvo Way to Market focuses on digital leadership and identifies three key elements:

#### *Digital commerce*

Volvo Cars will start to sell online gradually across the globe. But rather than a replacement of our dealership network, online sales will complement our dealerships. Volvo Cars has worked closely with its dealer network in developing the tool in order to retain the personal touch that is so important in buying, delivering and servicing cars.

A first, successful step in digital commerce was taken with the online-only sale of 1,927 Special Editions Volvo XC90 cars in September, and this success further boosts the company's commitment to growing its digital commerce activities.

#### *An industry-leading configurator*

Instead of the existing 'build up your car from scratch' concept that is ubiquitous in the car industry, Volvo Cars will offer customers a simple and functional experience that starts with what it calls 'the designers choice': a fully-specified car which the consumer can then adjust based on personal taste and budget.

Once the choice has been made, the consumer receives a short video which shows the car of choice in motion. This will result in a simple, cool, fun and premium experience.

#### *An industry-leading website*

The new Volvo Cars website is no longer simply a source of information. It is a brand experience in which every screen and every single piece of information is laid out in a Volvo way and in line with the Volvo brand and values.

#### **Dealerships**

Several car brands invest in so-called brand centers, located in major cities. Volvo Cars believes that each Volvo dealer is a brand center on its own. That is why the company has started to implement the following initiatives:

- All new dealerships will have a globally uniform lay-out and look and feel. Exterior and interior will look and feel Scandinavian and truly Volvo.
- Existing dealerships will be upgraded in a similar way with small details that make a difference. These will display the Scandinavian roots of the Volvo brand and the key attributes and customer benefits of Volvo products.
- Volvo Cars will implement small differentiators that underline the company's Scandinavian and Swedish heritage. Examples include offering customers a drink in Sweden-produced glasses, sound and smell elements that portray a Scandinavian spirit and waiting/lounge areas that offer highlights from Swedish cuisine.
- All dealer staff will go through a training program to be familiarized with these new customer service processes and standards. European dealership staff will be dressed by Swedish fashion designer Oscar Jacobsson.

#### **Service**

The final leg of the Volvo Way to Market is Volvo Personal Service which entails the introduction of a Personal Service Technician for each and every Volvo customer. At the delivery of his or her new car, the customer will be introduced to the Personal Service Technician who will take care of the customer and car throughout the ownership.

This programme obviously requires an extensive training and development programme, which is already underway. A number of countries have already adopted the Personal Service Technician concept as a pilot programme and customer satisfaction in these markets has increased significantly. By 2018 all Volvo dealerships around the globe will be offering this service as standard.

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### **Volvo Car Group in 2013**

For the 2013 financial year, Volvo Car Group recorded an operating profit of 1,919 MSEK (66 MSEK in 2012). Revenue over the period amounted to 122,245 MSEK (124,547 MSEK), while net income amounted to 960 MSEK (-542 MSEK). Global retail sales for the year amounted to 427,840 (421,951) cars, an increase of 1.4 per cent compared to 2012. The operating profit was the result of cost control and strong sales and was further tangible proof of Volvo Car Group's progress in implementing its transformation plan. For the full year 2014, the company expects to stay in black figures and predicts to record a global sales increase of close to 10 per cent.

### **About Volvo Car Group**

Volvo has been in operation since 1927. Today, Volvo Cars is one of the most well-known and respected car brands in the world with sales of 427,000 in 2013 in about 100 countries. Volvo Cars has been under the ownership of the Zhejiang Geely Holding (Geely Holding) of China since 2010. It formed part of the Swedish Volvo Group until 1999, when the company was bought by Ford Motor Company of the US. In 2010, Volvo Cars was acquired by Geely Holding.

As of December 2013, Volvo Cars had over 23,000 employees worldwide. Volvo Cars head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars head office for China is located in Shanghai. The company's main car production plants are located in Gothenburg (Sweden), Ghent (Belgium) and Chengdu (China), while engines are manufactured in Skövde (Sweden) and Zhangjiakou (China) and body components in Olofström (Sweden).

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