

# Advertising Age<sup>®</sup>

## Lexus Makes Big Move to Regain Crown With New IS Model And Aggressive Ads, Automaker Aims to Recoup Share Lost to Mercedes, BMW

*Published:* June 24, 2013

Forget about perfection. These days Lexus is locked in a relentless pursuit of BMW and Mercedes-Benz to win back its crown as the top U.S. seller of luxury cars.

Due to months-long production delays caused by the Japanese earthquake and tsunami of 2011, Lexus lost its luxury-sales title after an 11-year run, from 2000 to 2010. Toyota's luxury division fell to No. 3 behind BMW and Mercedes in 2011-2012.



Lexus is pushing to regain some forward momentum this summer with the launch of its 2014 IS model. To win the younger luxury-car buyers who prefer its German rivals, Lexus is using more aggressive ads from agency Team One <sup>®</sup>. "You can choose to blend in. Or you can choose to blend out," says one TV spot for the all-new 2014 IS. "It's your move."

If the challenging tone doesn't sound like the quietly elegant brand consumers have come to know, that's the point, said Lexus Corporate Marketing Manager Brian Bolain. The shift toward a more outspoken marketing strategy started with the GS launch in 2012 and continues with the 2014 IS.

"There's a new focus on handling dynamics and driver engagement. There's a new focus on the way we look. There's also a new focus on the way we're speaking," said Mr. Bolain. "GS started that and we've continued it over the past 15 months."

He said internal research shows that its new voice is "having a positive effect" on car buyers under 47 years old. Lexus buyers are generally in their mid-50's. "Plus we're not losing anybody among our preexisting audience," said Mr. Bolain. "That tells me we're on to something."

With the overall luxury-car market growing through May, Lexus still ranked third, behind Mercedes and BMW, according to the Automotive News Data Center. For the first five months of 2013, Mercedes sold 117,535 units compared to BMW's 113,357 units and Lexus' 97,060 units.

While Lexus was on a tear until 2011, the chaotic disruption of its Japanese supply chain gave its German competitors a huge opening, said marketing consultant Gary Stibel of the New England Consulting Group.

If Lexus was the luxury brand of choice among baby boomers, it's not as popular among the Generation X and millennial consumers now entering the high-end market. Said Mr. Stibel: "The Germans also offer more exciting products with heritage."

Lexus' falloff wasn't for lack of spending.

In 2012, it spent \$280 million in the U.S., according to Kantar Media, more than BMW's \$170 million and Mercedes' \$260 million.