

Pirelli Motorcycle Tires

CASE STUDY TITLE BRAND BUILDING FOCUSING ON LIFESTYLE
MARKET SEGMENT PERFORMANCE & SPORT STREET, MX & OFFROAD, AND V-TWIN
TARGET DEMOGRAPHIC IN-INDUSTRY DEALERS AND CONSUMERS

Case Study 2

How Velocity, Inc. Contributed to the Creation of 3 Lifestyle Based Brand Extensions for Pirelli Motorcycle Tires and Began a Perennial Sales Growth Trend Which Continues in the Soft Market of 2008.

SITUATION

Summary

While the association of the Pirelli brand with high performance and elite European automobiles has historically served them well, this perception was ineffective in the motorcycle industry as an increasing number of riders regarded the brand as too expensive and not for them as the brand did not speak clearly to many of the motorcycle market segments.

In this context the Pirelli brand was stagnant and disconnected.

With Velocity's assistance to varying degrees, Pirelli addressed these concerns by: identifying the market segments; manufacturing products tailored to meet their needs; creating brand extensions which connected with the demographic; and, consolidating their marketing message to more fully convey the Pirelli philosophy to a diverse international audience.

Customer Profile

Credited with turning a completely utilitarian object – a tire – into an object of passion and desire, Pirelli has been a Fortune-level manufacturer of premier tires for over a century. Countless awards, thousand of employees in offices around the world, and access to the most cutting edge technology available sets Pirelli well apart from its competition.

PROBLEM

Context

When it came to motorcycle tires, it appeared that Pirelli had lost focus. It had a tire line containing a great number of products but there was a lack of segment appeal. In fact, Pirelli had not recognized the fact that there were segments that could and needed to be addressed.

Velocity's strategy was to create brand extensions designed to connect with the riders of the different market segments: Performance, Street, V-twin and Off-road. By honing the message and making it more specific to these niches, Pirelli was actually able to connect much more effectively with these specific audiences.



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One Simple Goal.

BRAND EXTENSIONS

The Pirelli brand had a stereotype which was working against them in the motorcycle market as it was associated with:

- Elite Automobile Brands.
- Expensive Price Points.
- Upper Echelon Demographic.

The solution was to create brand extensions which connected with the respective demographics.



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PROBLEM

Objectives

The first objective was to provide Pirelli with the tools and outlets to get to know the riders in each market segment and their inherent nuances. The second objective was to create Pirelli brand extensions which connected with the riders.

The market segments were identified through traditional grassroots methods starting with surveying the riders and vendors at industry shows, rallies, races and events and ending with market research inclusive of competition, product and lifestyle studies.

The objectives were to get a solid read on the reputation of Pirelli tires, a firm understanding of what the riders considered to be important in a motorcycle tire, a demographic profile for each market segment and an assessment of the competition.

Finding The Right Partners

Velocity proved to be the right partner for Pirelli in this quest as Velocity was able to organize and execute the guerilla marketing effort which served as the starting point for the development of the brand extensions.

Additionally, the cooperative partnership between Velocity and Pirelli corporate was essential to the productive outcome as all parties worked in cohesion towards the common goal, setting aside bias and making room for objective market criteria.

The strong and unique relations Velocity and Pirelli shared with LeMans Corporation (specifically Parts Unlimited) proved to be most valuable as PU was a major conduit for information such as rep and dealer feedback.

"Velocity was able to take in-field awareness of the Pirelli product line to an entirely new level. Through their tireless efforts, Pirelli was finally seen not as an inaccessible luxury brand, but as a dedicated manufacturer bringing performance tires to riders of all interests and abilities." -- Christoph Nknoche, Racing Manager, Pirelli Motorcycle Tires



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CORE VALUES

The brand extensions which Velocity developed for the Pirelli motorcycle tire line were based on:

- Market Segmentation.
- Lifestyle Traits.
- Rider Connection.



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SOLUTION

Process

Pirelli's main problem was identified as one of brand stagnation and disconnect marked by three main contributors:

1. Lack of product segmentation.
2. Lack of demographic appeal.
3. Lack of brand extension.

In pursuit of answers, Velocity simply reached out to dealers and riders on a personal level to find out exactly why they weren't buying Pirelli motorcycle tires. This due diligence was achieved through attendance at industry events – shows, rallies and races – where Velocity and Pirelli employees asked a spectrum of questions designed to get a comprehensive read of the market.

After an extended period of information collection, the team was able to identify the market segments and respective rider demographics. While the tire designers were using this information in the creation of tires designed to target these niches, the Velocity and Pirelli marketing team were using this criteria to form a marketing strategy.

The next challenge was to translate the components of the Pirelli image in a way that would connect with the riders of the American marketplace. This was achieved through the creation of three Pirelli brand extensions: Diablo, Scorpion and Dragon. These brands were designed to speak directly to the different types of riders within their respective market segments. And while these brand extensions existed independently they also worked collectively under the Pirelli umbrella.

"The grassroots-level research that Velocity spearheaded made all the difference. By attending races, visiting shops and interacting one-on-one with riders and fans alike, Pirelli was seen as a company that really cared about their customers and was willing to create products that addressed their specific needs."

-- Josh Whitmire, MX & Offroad Racing Manager, Pirelli Motorcycle Tires

SCORPION MX

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MARKET ANALYSIS

Pirelli's first challenge was to get answers from the market on their likes and dislikes regarding their brand; they reached out to:

- Riders.
- Dealers.
- Reps.



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SOLUTION

Recognizing that the market possessed the answers to brand stagnation and disconnect was the catalyst to the process of market research. Arduous as it may be, seeking answers from the people who know best – in this case, the riders and dealers – is always prudent. Thereafter, responding to the criteria effectively is the charge.

In Pirelli’s case there had to be an infusion of both corporate policy and guerilla marketing as the corporate marketing team in Milan set the global message and disseminated it to the US affiliate. With the creation of these 3 lifestyle based brand extensions, a balance was struck which not only appealed all involved in the process but, most importantly, connected with the target market.

“One of our biggest hurdles was changing the somewhat negative perception of Pirelli in the US marketplace. Fully immersing themselves in these lifestyle niches, the Velocity team was able to recognize exactly what these segments were missing and how Pirelli could fill those voids.” -- Kevin Allen, Marketing Manager, Pirelli Motorcycle Tires

EVALUATION

Results and Benefits

By listening closely to the concerns and needs of the marketplace, Velocity was able to identify exactly where there were opportunities for Pirelli tires to make a mark. By harnessing the talent and experience of Velocity staff and the team in Milan, as well as a genuine willingness for guerilla marketing to discover exactly what people were thinking, an incredibly successful marketing strategy was created with its core being lifestyle branding.

And when these brands connected with the rider, sales started an upward trend; this perennial growth continues to this day. In fact, Pirelli is one of the few tire manufacturers with positive numbers in growth and sales in 2008.



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COLLABORATIVE MODEL

The cooperation, participation and dedication of three parties were required in the development, creation and execution of the Pirelli brand extensions:

- Pirelli of Milan.
- Pirelli of North America.
- Velocity, Inc.



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EVALUATION

Lessons Learned

The most valuable takeaway from the Pirelli lifestyle branding mission was the knowledge that without a strong foundation of simple, grassroots connection with the consumers – both existing and future – not even the most creative marketing strategy would be effective. In addition, by letting go of a high level corporate philosophy in order to effectively translate it to targeted brand extensions, new stand-alone outlets were created, leading to greater identification with Pirelli over multiple segments.

The follow up lesson was the importance of creating brands which connect to their target audience. Lifestyle branding allows for a unique bond with the consumer and, in effect, can defeat the competition.

“Throughout our North American brand reestablishment campaign Velocity remained focused on the big picture and highly cognizant of the bottom line, delivering the market penetration we desired with stellar results that speak for themselves.” -- Scott Griffin, Country Manager, Pirelli Motorcycle Tires



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POWER OF BRANDING

When a brand can represent a lifestyle which has mass appeal and for which a product delivers as promised, the result is:

- Unique bond between manufacturer and consumer.
- Brand loyalties which overcome the competition.
- Perennial market share increases.

BRAND ANALYSIS	
SCORPION MX	
SCORPION = 30% INCREASE	
YTD (2007-2008)	+30%

BRAND ANALYSIS	
DIABLO	
DIABLO = 45% INCREASE	
YTD (2007-2008)	+45%
DIABLO CORSA-3 = 225% INCREASE	
100% ABOVE MANAGEMENT PLAN	
YTD (2007-2008)	+225%

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