

BERYLLS BY ALIXPARTNERS

**FROM COMMUNITY
TO CURRENCY: THE MAGIC
FORMULA OF “CULTURE”,
“CREATIVITY”, “BUDGET” AND
“MANAGEMENT”**



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INSIGHT

Today, many car manufacturers are shifting their focus toward building and engaging with car communities as a key marketing strategy, recognizing the significant impact these communities have on customer loyalty, brand perception, and ultimately vehicle sales.

Brand enthusiast communities consist of individuals who are deeply passionate about a company, actively follow it, and share their knowledge and experiences with others. When nurtured effectively, these communities play a crucial role in strengthening a brand and ensuring its long-term success. According to Forbes, 80% of consumers believe that communities are important for fostering brand engagement, and 84% say that the community surrounding a brand directly influences their feelings toward it.

Cultivating a community encourages positive word-of-mouth and user-generated content, which is particularly appealing to millennials and Gen Z, as it offers authentic inspiration in the oversaturated age of social media and influencer marketing.

Active communities attract potential customers by allowing them to engage with the brand and its identity even if they do not own one of the brand's products (yet). Consequently, community building can drive sales from new customers as well as repeat purchases from existing members, thereby increasing the customer lifetime value (CLTV).

To assist OEMs in this effort, we have developed a straightforward framework for efficiently navigating the community-building process and avoiding common pitfalls. This framework consists of four key factors: culture, engagement, budget, and management.

1. CULTURE: Cultivating a distinct brand culture is essential. This involves defining target groups and specifying communicative focus areas for each of these groups.

2. ENGAGEMENT: Prioritizing creative interactions is crucial for keeping the brand relatable and engaging.

3. BUDGET: Allocating resources wisely ensures that community-building efforts have an attractive return.

4. MANAGEMENT: Employing data-driven community management is vital for steering the initiative in the right direction. A long-term commitment and a test-and-learn approach help ensure effective budget usage.

By focusing on these key factors, OEMs can successfully build and sustain vibrant fan communities that contribute significantly to their overall success.

FROM COMMUNITY TO CURRENCY: THE MAGIC FORMULA OF “CULTURE”, “CREATIVITY”, “BUDGET” AND “MANAGEMENT”.

In today's automotive industry, car manufacturers are realizing the importance of building, nurturing, and engaging with their communities. The Porsche Club of America, the Tesla Owners Club, and the Jeep Enthusiasts Group are just some of the examples. Car communities have a multifaceted impact on these brands, influencing sales, loyalty, brand perception, and even the residual value of their vehicles.

By uniting enthusiasts and owners, these communities create a surge in brand engagement that can lead to a rise in (after-) sales revenues and justify investments from the OEM side. Active participation in car communities helps enhance a brand's image and shifts the perspective from a pure product focus to a differentiating lifestyle choice.

In this article, we will share insights that we gathered in various projects and personal experiences within the automotive industry in recent years.

Traditionally, when thinking about communities, most manufacturers focused on their existing customer base. This included activities such as invitations to sports events, organizing guided trips to destinations that were considered interesting for the target audience, charity events, and so on. The concept of a “community” was traditionally seen and used as a reward and loyalization measure for customers to keep them close to the brand.

In recent years, the landscape of potential car buyers has become more diverse as new demographic groups have emerged. These groups are generally harder to reach through traditional advertising met-

hods and often require brands to deliver personalized experiences based on their needs. Car communities have become useful tools for capturing the attention of millennials and Gen Z alike. These communities often combine a brand's products with cultural aspects like design, fashion, and heritage, which have proven to be particularly appealing to younger buyers.

For example, Porsche's Type7 community is a largely virtual editorial magazine that combines the brand's rich history with current trends to appeal to young, affluent individuals. Another example is the Hofmeisters community, which started as an enthusiast project in 2021 and is now affiliated with the BMW brand, organizing events for young car enthusiasts throughout Europe. The Chinese brand Nio has built its entire business model around the concept of community, connecting users through an app that serves as their digital key to the brand's offerings, while also providing opportunities for human interaction and inspiration at Nio Houses around the world.

In summary, young people are very receptive to the idea of car communities. They actively seek new ways to interact with brands and connect with other fans, which presents a significant opportunity for car manufacturers to engage with new target groups and build long-lasting, profitable relationships. Given the declining levels of brand loyalty, this approach could be one key lever to reaching the next generation of customers. However, achieving this is not straightforward, as there isn't a one-size-fits-all strategy for success.

Creating and maintaining a brand community is a difficult task that requires careful planning and consistent effort. To assist you in avoiding common mistakes, we have developed a valuable framework and will provide some ideas that can make this task a bit easier for your brand.

The framework includes four multipliers that contribute to a successful community strategy: culture, engagement, budget, and management. The key is to ensure that no factor is neglected or has a value of "zero." An effective community consists of each of these elements contributing to its overall success.

THE BERYLLS COMMUNITY FORMULA

These **four factors** define the success of a brand community. None of them should be exaggerated, none of them should be zero.





CULTURE

People are not drawn to a specific brand without a strong culture. This culture can emerge from a special heritage, memorable design, superior products, or an authentic standpoint on topics that move people and engage them emotionally.

DO: Take a standpoint (and stand by it). And remember: If 30% of the people love your brand and products and 70% don't, pick the ones who love you and sell your products to them. By recognizing the importance of fans, brands benefit from their organic advocacy and naturally increase their brand's visibility and credibility, since their fans are likely to promote the brand proactively.

DON'T: Try to copy what other brands already do. People will notice.



ENGAGEMENT

Community is not about who has the largest budget. It is about finding creative and engaging ways to interact with people. Leverage these interactions to connect with people emotionally by putting them at center instead of putting your product at center. Meaningful interactions that resonate with the audience are the key to success.

DO: Choose smart activations that get attention and make sure to document and share them.

DON'T: Don't pay influencers and pretend they are customers (or agencies producing "user-generated content" by selling you blurry pictures).



BUDGET

Yes, budget is helpful, but it is just one of four multipliers. It should not be a zero multiplier, but you also shouldn't think money will solve everything. Building up a real community is a marathon, not a sprint. Especially measurable brand effects will only emerge after a while.

DO: Spend your budget wisely and consistently – and don't ask for anything in return.

DON'T: Don't spend it all on one or two events.





MANAGEMENT

Today, community management is all about leveraging data to understand the views, sentiments, and needs of people and take data-driven decisions. This does not mean that you must monitor and record every step or interaction of your community members. However, without a solid platform and a strategy to engage with them, all the points mentioned above will always remain isolated activities.

DO: Systematically collect relevant community interaction data, such as participation in events, vehicle interests, personal interests, and posted content, and then tailor marketing content based on your gained insights. If necessary, find viable ways to keep up the dialogue even once the community grows.


DON'T: Don't bombard your prospective and existing customers with blunt, unpersonalized marketing messages and pictures of your product – their attention will be gone faster than you can spell out the word "loyalty."



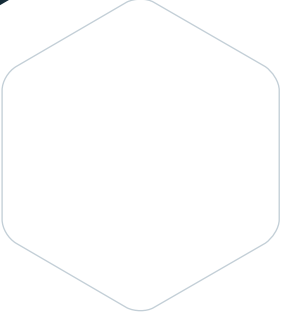
After understanding the **FOUR KEY FACTORS** – **CULTURE, ENGAGEMENT, BUDGET, and MANAGEMENT** – that are essential for building a strong community, it is important to delve into the practical steps needed to implement these principles effectively. The following five steps provide a clear roadmap for car manufacturers to cultivate and sustain vibrant communities that drive brand engagement and loyalty. These steps ensure that the community-building process is strategic, focused, and aligned with long-term goals.



Source: Berylls by AlixPartners



While there may be multiple ways to succeed, some essential steps must always be taken:

- **DEFINE YOUR FOCUS AREA:** To start, it is important to define the focus areas you want to address instead of trying to cover everything. There are plenty of options available, from online forums and social media communities to festivals and meet-ups. However, it is best to start with a clear goal in mind and align your milestones with the organization's long-term vision. Additionally, it is important to maintain a steadfast commitment to long-term investment throughout the process.
 - **DEFINE YOUR TARGET GROUP:** Define the most relevant people you want to address and develop a tactic (and channels) to reach them. And don't be fooled: Community is not about one-way communication. It is about dialogue. So, make sure you are ready for it. Define the community's role within your organizational structure, whether as a project, involving agencies, or constituting a separate department. Develop a set of key performance indicators (KPIs) encompassing community growth, engagement, and sentiment. Additionally, develop a feedback mechanism for a test-and-learn approach. Or just benefit from your brand's existing communities, collaborate, and leverage the base.
 - **INVEST IN THE COMMUNITY:** Be ready for long-term commitment and patience with your investments, as the primary objective is not transactional, but to develop brand perception, attract potential customers, and build an emotional relationship.
 - **MONITOR AND STEER:** Monitor your community by implementing real-time feedback mechanisms and following a data-driven approach.
 - **KEEP GOING & DON'T GIVE UP:** If you have come this far, don't give up too easily. Building a community takes several years, and the brands that are already benefiting from their communities have probably invested in them for quite a while – you just might not have noticed it.
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Lukas Koch
Principal



When you start spending money as a business, it's important to consider your ROI. After all, you're not running a charity. Therefore, it's wise to set realistic goals from the outset. By using a data-driven approach to community management, you can determine whether your community is a commercial success. This approach can also provide insight into how to steer its growth in the right direction. If you're committed to the long-term, it's possible to turn your brand community into a profit center.

Premium car customers are actively looking for communities.



**MAKE SURE
YOU REACH
THEM!**

Source: Berylls by AlixPartners

So far it has been easy to argue but hard to measure the effects of loyalty on a business, and it is even harder to quantify its impact on brand perception and residual value. Incorporating smart targets in your community management can also unlock more accurate measurements. Enhanced customer experience ultimately results in more success in today's dynamic market environment.

As the automotive industry evolves, the impact of car communities on brands emerges as a powerful force. These communities wield substantial influence over sales,

brand loyalty, perception, and even the residual value of vehicles. They transcend being mere online spaces and become influential hubs that shape the automotive industry

Cultivating these communities is not just a nice marketing tool but becomes a necessity for sustained success in the dynamic world of automotive marketing. The path forward involves leveraging the power of communities to drive automotive brands toward greater engagement, loyalty, and cultural relevance.

GET TO KNOW US.

Berylls by AlixPartners – The expertise of our top management consultants extends across the complete value chain of automobility – from long-term strategic planning to operational performance improvements. Based on our automobility thought leadership Berylls by AlixPartners stand out with their broad experience, their profound industry knowledge, their innovative problem-solving competence and, last but not least, their entrepreneurial thinking.

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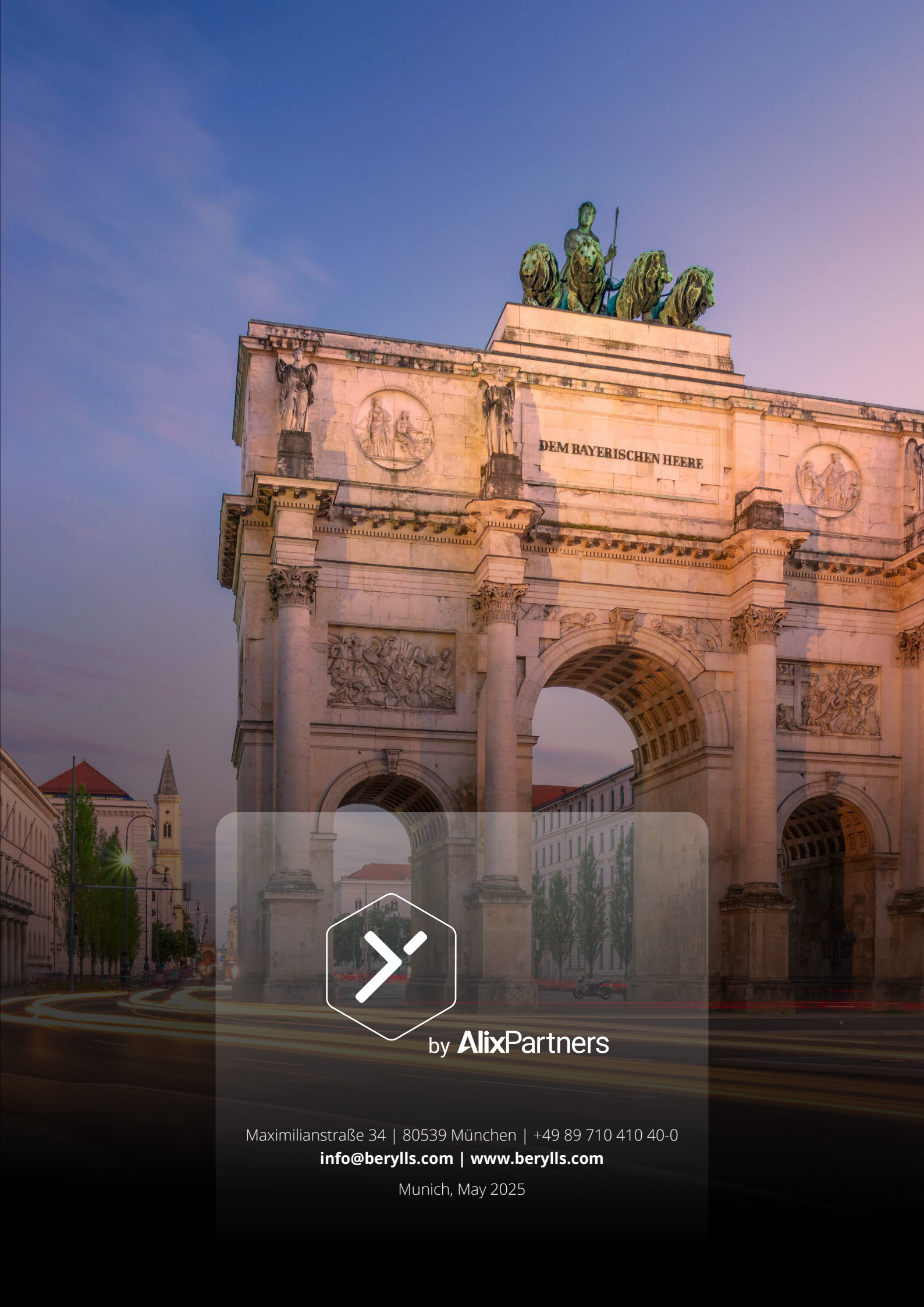
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