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ADVERTISING

How Can General Motors Remake Itself?

By STUART ELLIOTT

THERE used to be a saying that what's good for [General Motors](#) is good for America. But that was in the days when one of every two cars sold in the United States bore a G.M. brand name. Now, with its market share falling toward 25 percent, General Motors is struggling to revive its core business - selling America its cars, trucks and minivans - and seems in need of a few good ideas.

The problem is not the size of the General Motors advertising budget. Last year, the company spent almost \$3 billion to advertise to American consumers, according to TNS Media Intelligence, second only to [Procter & Gamble](#).

The extent of G.M.'s difficulties was underscored by a survey, taken last week by the trade publication Advertising Age, which asked its readers, "Can G.M. be fixed?" A startling 46 percent of the respondents replied no.

Even so, there remain many on Madison Avenue who believe that General Motors can turn around, although, as more than one executive said, it will not be easy. With the caveat that free advice can sometimes be worth what it costs, what follows are some of their suggestions, offered in interviews yesterday.

The most important step General Motors can take is "to reverse-engineer its marketing strategy," said Joseph Jaffe, president of Jaffe, a new-marketing consulting company in Westport, Conn., "from a top-down approach to a bottom-up approach."

"General Motors has forgotten who drives its cars," he added. "It all starts with one consumer, and you build from there."

To accomplish that, G.M. must accelerate a shift from its traditional "mass-market, one-size-fits-all approach," Mr. Jaffe said, as epitomized by broad-based television commercials and print advertisements, and more ardently embrace unconventional tactics. Among them, he listed producing video games that double as advertising; running ads in video games; inviting consumers to create their own ads, on Web sites; and making use of branded entertainment, embedding ads in television programs and movies.

That change would be particularly effective, said Michael Megalli, a partner at Group 1066, a corporate identity consulting company in New York, in reaching an audience

that General Motors ought to court more to help alleviate its problems: younger consumers.

"The aging baby-boomer set is lost to G.M.," Mr. Megalli said. "G.M. should go young the way [Toyota](#) has with Scion." His reference was to a brand of offbeat cars created by Toyota Motor Sales U.S.A. specifically for younger consumers, a risk that has so far paid off with growing sales.

A major area where General Motors can change its game, the executives agreed, is in its brand offerings.

"In a society looking more for a set of values on wheels to bond with, G.M. seems to be falling back on offering commodity brands" sold on deals and rebates, said Robert Passikoff, president of Brand Keys, a consulting company in New York specializing in brand and customer loyalty.

"Other brands give you a sense of what they are: Mercedes-Benz stands for living well; BMW stands for living fast; Volvo stands for safety," he added. "When we ask people about G.M. brands, we get very neutral assessments; they don't stand for anything."

Jonah Disend, president of Redscout, a brand strategy consultant in New York, agreed. "G.M. has gone from the great branding company to the great 'blanding' company," he said, in large part because "it can't possibly focus on all the brands it has."

There are eight principal G.M. brands in the United States: Buick, Cadillac, Chevrolet, GMC, Hummer, Pontiac, Saab and Saturn. A ninth, Oldsmobile, has been discontinued.

That panoply of brands ought to be pared quickly, many executives advised.

"If we're honest, Buick and Pontiac have not meant anything to anyone for a very, very long time," said Marc E. Babej, president of Reason Inc. in New York, a marketing strategy company. "They might look good on a corporate positioning grid, but not in the marketplace."

As the company discontinues brands deemed laggards, Mr. Babej suggested, it should also refocus its remaining brands on one mission: "building cars that give people more of a reason to choose them."

"No amount of brand image, no matter how well-spun, can stand in for product differentiation," Mr. Babej said. Praising the efforts G.M. is making to revive its Cadillac brand with a fleet of distinctive new products, backed by emotional advertising that resonates with the intended audience, Mr. Babej said that example could be emulated by making Chevrolet "the all-American, entry-level brand" and Buick "the brand for the middle class."

Bob Wyatt, partner and executive creative director at Union, an advertising agency in New York, said that General Motors should heed its own "heritage of branding" and recreate the model that worked so well in its early decades, of making each divisional

brand stand for a different step on a hierarchy of desire.

"They should have consumers move up the ladder in the different stages of their lives as they used to, from Chevrolet all the way to Cadillac," Mr. Wyatt said. That could be accomplished by "simplifying the lineups of each division so each brand stands for something specific," he added, rather than the overly broad current approach of having, for instance, Chevrolets that run from cheap (Aveo) to expensive (Corvette).

Clive Chajet, chairman of the Chajet Consultancy in New York, a corporate and brand identity company, offered another idea for refocusing the G.M. divisions after "choosing those few that have the best future and abandoning the others."

"Each division could specialize in a type of vehicle, not a type of buyer," Mr. Chajet said, suggesting that Chevrolet could concentrate on sport utilities and Pontiac on sports cars. (The GMC division already eschews cars in favor of trucks and sport utilities.)

Mr. Chajet said General Motors could also "take a leadership role in energy-efficient vehicles, which would do wonders for its corporate image."

And to minimize potential consumer skepticism, he added, "it could be done in a way that says: 'We're not condemning the way cars are built now. But we're going to lead in finding the new ways to build them.' "

One core element of the G.M. corporate image has long been its American roots, most recently expressed in an ad campaign after the terrorist attacks on Sept. 11, 2001, that carried the theme "Keep America rolling." The executives were divided on whether that was a problem or a solution.

Mr. Megalli of Group 1066 said he believed American consumers were "more open to the idea of buying foreign cars," as evidenced by the sales growth enjoyed by Japanese brands like Toyota and South Korean brands like Hyundai.

As a result, he added, General Motors should present itself to potential customers as "a world car company" in the way a competitor, [Ford Motor](#), does, by "bringing over here its foreign brands like Opel and Vauxhall."

But John Diefenbach, a partner at TrueBrand, a corporate and brand identity consulting company in San Francisco, took the opposite tack.

"To make an emotional connection with consumers," Mr. Diefenbach said, "G.M. can revisit its American heritage, so long as it's not in a schmaltzy, flag-waving way."

"Plenty of companies in America such as Anheuser-Busch have gotten 'the America thing' right," he added, "and G.M. has more of a right to do it than almost anybody."