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Why Should GM Give Marketing Any Respect?

Bob Lutz Can Keep Focus on Brands' Stories -- and They Do Have Stories

By Jack Trout

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My ex-partner Al Ries and I rarely disagree, but we do part company on his column titled "[GM's Lutz Appointment Shows No Respect for Marketing](#)." In my estimation this move supports what Dave Packard of Hewlett-Packard once said: "Marketing is too important to be left to the marketing people."

It also reinforces what I consider a brilliant statement made by Bob Lutz in a recent interview with BusinessWeek: "To spend \$200 million on manufacturing, we have to get board approval with top management involved from an early stage.

Yet we spend billions on marketing and delegate that to too many people at the lowest levels. It's insanity." He's absolutely right. Top management has to be involved, and obviously with Mr. Lutz in charge they will be involved.

Original Column by Al Ries:

[GM's Appointment of Lutz Shows No Respect for Marketing](#)

Without a Story, Carmaker's Advertising Isn't Going to Cut It

for when they recruit a CMO.

My main problem with the Ries thesis is why marketing should be given respect. Chief marketing officers have shorter tenures than NFL coaches. They rarely last two years before they are gone.

As BusinessWeek commented in an article on the subject, "the job is radioactive." The article cited a well-known search company as stating that 70% of the companies don't know what they're looking

[In my estimation](#), Advertising Age had the answer to the short CMO tenure in an interesting piece of research on senior marketers. It was done by Anderson Analytics, which surveyed a group of 1,657 senior marketing executives (600 replied).

Anderson asked respondents to rank the marketing concepts they pay most attention to in their jobs. They spend the most time on customer satisfaction (88%), customer retention (86%), segmentation (83%), competitive intelligence (82%), brand loyalty (82%), search-engine optimization (81%), marketing ROI (80%), quality (79%), data mining (78%) and personalization (79%).

This is why CMOs are being fired left and right. On the list of things on which they are working, differentiation doesn't even make the top 10. While they are worrying about customers or segmentation or ROI or search-engine optimization, their brands are sinking into a sea of commoditization.

If you think I'm overstating the problem of commoditization, let me give you some numbers. A research organization called Brand Keys has been tracking this problem via an analysis of 1,847 products and services in 75 categories. The results are frightening. On average, the study found that only 21% of all products and services examined had any points of differentiation that were meaningful to consumers. That's nearly 10% less than in a benchmark study that was conducted in 2003.

To better understand this, take the automotive category. It has a reasonable percentage of differentiation, at 38%. That means you have a fair number of differentiated brands such as Toyota (reliability) or BMW (driving) or Volvo (safety) or Mercedes (prestige). It also means you have a large number of placeholders such as GM and Ford. The marketers at these companies are certainly not earning any respect.

Figuring out the right differentiating strategy is only the beginning. Marketing then has to convince the CEO and CFO that building or even maintaining a brand is a long-term process that requires patience and incremental change. You'll have to avoid line extensions that undermine what the brand stands for in the mind. And Wall Street will be a problem you will have to get around, with its focus on quarterly and monthly results. With Mr. Lutz in charge, he is in a perfect position to do the convincing.

Al Ries does make some important points about Bob Lutz's new job. It will be all about the four remaining brands and developing their stories. Al felt there were no stories. I'm not so negative. Chevrolet is America's favorite American car, which is a good leadership story. Buick can be about high quality without having to pay for prestige, which is the imports' weakness. Cadillac can be about leading-edge automotive technology and GMC about rugged reliability. Bob Lutz, being so closely connected to product and design, can make sure the brands stay focused on their stories -- for example, no more cheap Buicks. And I know he can make sure the agencies involved properly implement and dramatize these stories.

So I'm rooting for Bob Lutz to prove me right at GM. After all, with all that taxpayer money, we're all part owners of this company.

ABOUT THE AUTHOR

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