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Commentary

GM Needs To Step On Gas

Robert Passikoff, Sep 03, 2009 05:00 AM

Auto sales increased in August, mostly due to the government's popular "Cash for Clunkers" program. Sales increased 1% versus last year and are up 26% versus last month. Ford posed a 17% gain, but unfortunately GM sales dropped 20%.

Analysts leniently suggested that GM has been distracted by its reorganization frenzy, but we'd suggest that the problem is less about being busy and more about broken branding. GM was never very good at branding, and even now doesn't present its cars in any context that is meaningful to consumers -- despite what would have seemed the ultimate wake-up call of having to go hat-in-hand to the taxpayers to keep them in business.

But this is not a recent condition. Back in 2005, after reporting a \$1.1 billion loss, the remedy that GM management suggested was to put the GM Mark of Excellence logo on all recently introduced models in an effort to link the corporation to its divisions. Presumably, this was deemed a good idea because, as the company pointed out with its usual mid-20th century bravado, "everyone was familiar with the GM brand!"

Given that loyalty was down in virtually all its divisions, it was an interesting marketing proposition: Link automobiles that stand for little in the consumer's minds with a manufacturer that stands for even less. Consumers knew GM made cars and trucks, of course, but on the rare occasions they thought about GM, they didn't think very well about it. Even the strongest brands, never mind GM, cannot afford to base marketing on awareness and not the meaning of their brand.

We were pleased to note that GM is removing its Mark of Excellence logos from all of its Chevrolet, Buick, Cadillac and GMC vehicles. That would seem to be a good start. But it is just that -- a start -- and GM is going to have to change the big-brand paradigm that got it there and drive with an intense focus toward real consumer values and expectations. And if its "reinvention" ad is any indication of the brand's collective mindset, it is still dealing in the archaic image of advertising better suited to an episode of "Mad Men" than the YouTube landscape of today, where a pointed parody of the ad is racking up the hits.

We hear a lot about "reinvention" from GM. But as anyone who has experienced real change knows, it takes far more than emotional language and a good orchestra to make it real. Consumers will be the final judges, and as one of the many with a stake in this ground, we are hoping that GM steps on the gas and does the research to create a truly new brand architecture for its cars. Looking in the rear-view mirror won't help.