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Story

Saturn Leaves GM's Orbit; Gravity Will Be Missed

Karl Greenberg, Oct 02, 2009 04:21 PM



What's done is done, but analysts say GM's mercy killing of the brand that it launched in the '80s as an experiment to battle the imports is a history of wasted potential.

Launched to go to the mat against Toyota and Honda, Saturn was to continue under the aegis of Penske Auto Group through a deal announced in June. The deal fell through on Thursday when a manufacturer could not be found. The Detroit automaker says that over the next few months, it will close out dealer agreements and shutter the operation.

Peter Kloprogge, CEO and president of New York-based market research firm Pointlogic, says Saturn stood out among Detroit brands because it did not suffer from amorphous-brand syndrome: GM, Ford and Chrysler have had to deal with brands whose raison d'etre was no longer relevant or that had placeholder identities.

Saturn was the only brand that consumers didn't lump together conceptually with other GM brands in a new segment study. The data is based on responses from 15,000 consumers who were likely to purchase a new vehicle within three years.

"Saturn is the only Detroit brand in the study that consumers didn't see as competing with other Detroit brands," he says. It also seems a lot more consumers will miss Saturn than, say, Buick, based on another survey question that asked which brands respondents would least miss if they were to vanish.

Fifty-one percent of respondents said Hummer could go, followed by Buick at 37%. Third and fourth place were Saab and Mercury, to which 36% and 31% of respondents said "ciao." Saturn was well down the list, between Lincoln and Mercury. About 26% of respondents said they wouldn't care if Saturn vanished. Chevrolet and Ford were the brands consumers would least like to see go, per the survey.

Robert Passikoff, president of New York-based marketing firm Brand Keys, says GM may have made a mistake killing Saturn, but that the mistake was made long ago. "Saturn had also reached a point where it was beginning to become a category placeholder. The problem is, GM has not supported Saturn in any meaningful way in a long time. We remember Saturn for fair pricing, for having a network of great customer service -- remember the donuts? That's the issue: the brand itself becomes a surrogate for value."

Of the 440 brands Brand Keys tracks in its Customer Loyalty Engagement Index, only two automotive brands showed up in the Top 25: Toyota, which is No. 15, having moved from 108; and Hyundai, which moved from 295 to 24. "General Motors is last on the list," says Passikoff. "You look at that and say, you know what? This is the issue of differentiate or die, as Jack Trout would say. It's 'what does the car mean?'"

Last month, GM launched a "May the Best Car Win" money-back guarantee to battle its post-

bankruptcy image issue. According to Edmunds.com, the effort is generating interest. The firm says that site traffic to Buick, Chevy, Cadillac and GMC increased almost 10% compared to the average over the previous 30 days, with Chevy and GMC models benefiting the most.

The firm says the program is attracting new buyers to Cadillac and GMC; that it is not attracting new people to consider Buick, but is encouraging those already considering Buick to buy; and attracting new shoppers, but not new buyers to Chevy.