The transformation of automotive brands and the triumphs and pitfalls of current positioning

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Brent Percival

BRENT PERCIVAL

is the Director of Marketing and Development for BEST at Auburn University. 'Boosting Engineering, Science, and Technology', or 'BEST', is an educational programme for middle and high school students advancing science, technology, engineering and mathematics education and careers. Since receiving his bachelor's degree in marketing from Auburn University, Brent has worked in marketing, advertising, fundraising, and sponsor relations for both for-profit and non-profit organisations. In addition to serving on the *Journal of Brand Strategy*'s editorial board, he writes for the *Journal of Sponsorship* and *Society South Magazine*. He is also a consultant for Team 7 Racing in Columbus, Georgia, USA.

Abstract

The purpose of this paper is to highlight the restructuring and, in many cases, rebirth of automotive brands in the aftermath of the late 1990s and early 2000s economic boom. The paper illustrates both good and bad brand strategies and positioning through advertising and corporate structures, utilising traditional branding models and current market trends and reaction. A new automotive era has dawned and the genuine, creative, and customer-focused brands will excel. As a multi-billion dollar industry, the automobile sector affects many facets of life, from manufacturing and engineering to general business practices. A thorough analysis of the sector's brands provides corollary tools and insight into other industries.

Keywords

advertising, branding, brand-synergy, branding statements, automotive, automotive industry

INTRODUCTION

The late 1990s and early 2000s saw an economic boom across a variety of sectors and emerging industries. Companies reported record profits, internet and technology stocks soared, and factories were producing products with maximum efficiency. There are many reasons why this bubble burst and the political wrangling surrounding it may never be resolved.

As consumers and marketers peer through the smouldering wreckage, the problems of the automotive industry are clear. Arrogance, hubris and manufacturing-centred policies clouded the judgment of the industry's leaders, most notably in the USA. After years of holding top steps on the podium, US automakers became too proud of themselves, and too arrogant to think their downfall would ever come. They optimised manufacturing to reduce waste and increase profit, and pushed multi-branded, identical vehicles into the same sales channels. It was a manufacturer's dream but a marketer's nightmare, because the car companies didn't care about what the consumer wanted. As a result, consumers naturally shifted their focus to new nameplates.

Geo, Oldsmobile, Saturn, Hummer, Pontiac and Daewoo brands were all killed by General Motors (GM). GM also sold its interest in Isuzu and Suzuki, and still-struggling Saab was sold to Spyker.

Brent Percival,
Auburn University,
315 Roosevelt Concourse,
Auburn,
AL 36849,
USA

Tel +1 334 707 6865
E-mail: bjpauburn@gmail.com

Ford Motor Company sold Land Rover, Jaguar, Aston Martin, Volvo, and its majority interest in Mazda before killing the Mercury brand. Chrysler has gone through three owners in the last two decades, shed the Plymouth brand, and is now under the protection of Fiat.

The US automaker brand shuffle changed the world's automotive industry, and the scope in which brands are viewed. Before the crash, car companies were so large and removed from their customers that they elevated their brands, such as Chevrolet or Volkswagen, to 'megabrands' and believed that each model, such as the Impala or Passat, was a separate brand.[1] As a result, brands lost definition and were further watered down by shared components and badge-engineering.

Perhaps the largest change in the automotive world over the past two decades is in the erosion of nationalistic car-buying. It is difficult for an American to feel pride buying a Ford manufactured in Mexico, or an Englishman buying a Jaguar whose parent company is in India. The 'made here, buy here' mantra does not hold. With the exponential growth of technology, car companies are now, more than ever, engaged in technical partnerships with rivals for shared technology. Everything from battery-packs, to suspensions systems, to entire vehicles are being created out of cost-cutting cooperative projects. Brand swaps, manufacturing initiatives, emerging markets (such as India and China), and technical collaborations between rival automakers have blurred the line of distinction between 'domestic' and 'foreign'.

In the conservative, traditional, US state of Alabama, for instance, there are four automotive plants, all of which are for foreign nameplates. However, many 'American' cars are manufactured outside the USA. There is a growing favour for locally-manufactured cars, regardless of where the profits go. This perception change has allowed car companies to position brands however they choose. They do not have to battle preconceived notions of the past generation — it is an open market.

Some brands, marketers, and advertising executives have taken this freedom and run with it. This positive approach has generated effective advertising that enhances the brand. Others are taking the promotional equivalent of throwing a handful of darts at a board, and hoping something sticks. As always, a careful, well-developed strategy will be the victor.[2]

FIAT IN AMERICA

The Fiat 500 is a perfect fit for the long-awaited American epiphany that 'green living' doesn't have to mean sub-standard. For years, Americans have bought bulky, fuel-hogging vehicles for absolutely no reason other than wanting one. Routine observation of major US automotive magazines shows a trend from reviewing larger vehicles to mid-size and compact cars. The term 'compact' used to be a vulgar word when applied to motor vehicles, but with designer entrants and enthusiasm in the class, driver appeal is growing.[3] The world-wide market collapse, a rise in fuel prices, and the overall increased theme of frugality, has allowed smaller cars to gain ground in the US market.[4]

This is Fiat's second attempt at the US market, after leaving in the mid 1980s. Due to an insufficient service centre network, the running joke in America was that Fiat stood for 'Fix it again Tony'. Time heals all wounds but the company still needs to come on strong and convince the hard-headed consumer that not only does a 500 make more sense than a

bulky SUV, it can be more stylish too. The geniuses at Fiat did just that.

Print ads for the 500 feature the headline 'Bigger isn't *better*. It's just harder to park'. The headline appeals to the practical consumer, answering the question of why this car is worthy of consideration. The style-conscious consumer is drawn to sleek euro-style ads, which echo Volkswagen's successful Beetle campaigns of the 1960s.

Television commercials for the 500 take the stylistic appeal a step further through spokesperson, singer, and businesswoman Jennifer Lopez. Lopez is a style icon across America and has until now endorsed only ladies' home-care products. By featuring her in the ads, Fiat is able to carry over the same premise of simple product endorsement that will improve your look. The subtext of the ad is rife with female strength, stability, class and sex-appeal. Historically, those four elements are everything an ad man tries to feature in car ads — they just usually cannot apply to a single vehicle in a single ad.

TOYOTA'S BALANCING ACT

Toyota is airing two mainstream ad campaigns and one motorsports-related ad for their new 2012 line-up in the US market. The first features an unknown Camry or Corolla owner who says 'Toyota doesn't need celebrities to sell their cars'. The owner continues by imploring the audience to talk to a Toyota owner about their car. In essence, the commercial tries to pose these owners as trustworthy friends of the viewer who steadfastly believe the quality of the car to be so outstanding that it sells itself. That is a bold statement, and would be very influential to the quality-centred shopper if Toyota were not simultaneously running ads that feature celebrities.

The second of the company's three commercials features four B-list celebrities piling into a Camry and enjoying the vehicle's new entertainment and sound system. It makes the viewer wonder if the previous commercial he just witnessed was all for nothing — or at the very least, disingenuous. No mention is made of the car suiting these particular celebrities; they appear in the commercial strictly for celebrity appeal. Consumers typically have contradictory views and sales triggers, but for a brand to make such a bold statement, that they do not 'need celebrities to sell their cars', and then simultaneously contradict that statement through the shameless use of celebrity, makes the company seem untruthful.

Toyota's motorsports-related ad showcases NASCAR driver Kyle Busch. The commercial shows the popular stock car driver pulling his 2011 Sprint Cup Toyota Camry into the pits after a practice run. His crew speedily strips the racecar exterior and replaces the body panels with stock parts. Busch then squeals and smokes the tyres as he pulls out of the pit stall, presumably to take his now 2012 Camry for a ride on open roads. The commercial would be a brilliant example of the correlation between racing and street cars if it weren't for a few glaring problems:

(1) The driver pits a 2011 car and leaves in a 2012 version.
(2) The driver pits a carburetted, V-8 engine, rear-wheel drive car and then smokes the front tyres as his street car's fuel-injected V-6 pulls him away (Toyota does not offer a carburetted V-8 or rear-wheel drive Camry).
(3) Busch was recently ticketed for driving a loaned Lexus LFA sports car at 128 mph (206 kph) in a 45 mph (72 kph) zone.[5] The idea of him rocketing

a race-bred vehicle onto public streets in not an image that a good brand manager should promote, given the driver's history.

To the average consumer, these promotional obstacles could be easily overlooked. Of course, it could be argued that if they are overlooking these hurdles, they are overlooking the ads entirely. The lesson to take from this example is that Toyota's recent quality issues could also go unnoticed if people still believed in the brand. They have to believe that, despite hiccups, the company is one of integrity, quality, and value. Promotionally, those qualities are not shown, and instead, Toyota bombards the consumer with the opposite message.

A GROWING VW

The Volkswagen Group has its sights set on being the world's number one car manufacturer by 2018, at 10 million vehicles sold per year.[6] The goal is a nearly 30 per cent increase from current sales figures. Currently the world's third largest automaker, the group will have to shy away from the struggles of previous number ones, GM and Toyota, both plagued with quality and brand positioning issues.

The company expects increases in sales across all its brands; Volkswagen, Audi, Porsche, Lamborghini, Bentley, Bugatti, Skoda and Seat.[6] The most dramatic increases will be in the core Volkswagen, Audi and Porsche stables. VW and Audi are the current sales leaders for the company at nearly 6 million units.

The Volkswagen Group has the manufacturing and engineering ability. The key will be maintaining solid brand identity and positioning. The Volkswagen Phaeton is an up-market saloon that blurs the lines between VW and Audi. The model was removed from the USA shortly after its debut. Executives of the Volkswagen Group, despite the fondness for their company's namesake, will have to ensure that VW remains the 'People's Car' and allow Audi to be the upper-class man. Furthermore, many car enthusiasts are worried that the Volkswagen Group's takeover of Porsche will dilute the sports car brand even before a newly-designed Porsche is produced under the group's watch. The group and Porsche brand managers must be proactive in maintaining brand positioning.[7] The company has done well to share underpinnings across brand platforms while maintaining brand-unique aesthetics. In the Volkswagen Group's race to the top, positioning is a top priority.

MAZDA GOES ALONE

In November 2008, the Ford Motor Company announced it would shed 20 per cent of its ownership stake in Mazda, from a controlling 33 per cent. Two years later, another announcement was made, and Ford ownership fell to roughly 3.5 per cent. Despite maintaining its technical collaboration with Ford and exploring new ones with Toyota, Mazda is a lone wolf in the automotive wilderness.

Most automotive companies have clearly-defined audiences and brand history. Their movements in the market happen at a glacial pace. Post-Ford ownership, Mazda finds itself in a unique position. Ford's decades-long dominion made Mazda an instrument of corporate imperialism. It produced relatively benign cars that were not particularly good or bad — they were neutral. Ford left behind an established dealer network and manufacturing plants, and a relatively neutral brand that Mazda's owners might move in any direction. Mazda is a start-up with infrastructure.

In the wake of Hyundai's up-market tick, Mazda plans to do the same — at least in its design language. Its current 'zoom-zoom', driver-centric marketing approach is still being applied to lacklustre vehicles, but their concepts show a smarter, more refined approach. The Shinari Concept introduced in 2010, features the company's new *Kodo* design language; meaning 'Soul of Motion'. The concept's fluidity, stance, features, and the location of promotional photos imply a more elegant Mazda.

The brand already has an impressive motorsports résumé. It also has the marketplace distinction of producing rotary engines. With an up-market brand move and the product and design quality to reinforce it, Mazda could position itself as a driver's car in the same fashion as BMW.

SINCERELY BUICK

As illustrated earlier, sincerity is often lacking in the automotive sector. Sub-branding individual models creates an 'everything for everybody' mentality. In the USA, Toyota and Honda are both running campaigns that feature their Prius and Civic models respectively, as vehicles for everyone. The message from the ads is that the consumer need only find the variant that suits them. To think that one vehicle can have such mass appeal, functionally, stylistically or technically, is overzealous.

Honesty is the best policy. Buick has taken this order in its stride. Its new Regal model is based on the Opel Insignia. Rather than regurgitate the same badge-engineering, cliché phrases of the past decade, Buick owned up to the fact. Buick's major print ad headline was 'We didn't start with a clay model. We started with the European Car of the Year'. This headline makes a bold statement: one of corporate transparency, vehicle reliability, and product improvement. Consumers do not care what their vehicle is based on, as evidenced by the successes of Lexus, Acura and Infiniti — all with mainstream vehicle underpinnings. Consumers care about honesty and vehicle improvement. Lexus, Acura and Infiniti have successfully distanced themselves from their siblings. Buick's current advertising campaign puts its brand in place to do the same.

FINDINGS

In the automotive industry, triumphs and pitfalls occur often, but many brands are still in the middle of writing their story. Thousands of automotive brands have come and gone in the past century — some were giants, some barely made it off the ground. While the marketplace is ever-changing, there are three strategic initiatives brands must display to succeed.

(1) Customer-focused product design is essential. Understanding and meeting the true needs of the marketplace is ultimately where brand success lies.
(2) Achieving economies of scale through shared vehicle platforms must be done globally, with aesthetics unique to each marque, lest brand dilution ensues.
(3) Differentiation of both brands and models within a single company's portfolio will, in the long run, prove to be beneficial. The one-size-fits-all mentality of automotive production and marketing is dead. The consumer must be treated as if the vehicle they purchase was made for them; it fosters consumer ownership of the brand.

Globalisation and changes in consumer behaviour have altered every aspect of the economy. For years, car manufacturers

thought their brands were immune. After a look back and analysis of the present, it is apparent that a new world of automotive brands has begun.

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