

GM Retools Marketing

Automaker Determined to Reach More Diverse Customer Groups

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NEW YORK, March 23 -- Mark R. LaNeve, a fast-rising executive at General Motors Corp., gestured at a group of gleaming Cadillacs.

"When we first came out with those, 50 percent of the people hated them," he said. LaNeve ran Cadillac when the once-stagnant brand used its polarizing new look to remake itself into one of the hottest around, with an advertising campaign set to Led Zeppelin music and the unexpected endorsement of pro athletes and rap stars.

Now GM is hoping LaNeve, 46, can bring some of that cross-cultural magic to all eight of its brands, putting him in charge of a revamped marketing department to help rescue the world's biggest automaker from a pronounced slump.

GM's sagging fortunes, laid bare last week when the company warned that it expects to lose money during the first three months of 2005, are the hottest topic of this year's New York International Auto Show, which opens to the public Friday.

Some of the problems afflicting GM are structural -- soaring health care costs, too much factory capacity -- but the company also suffers from an urgent need to come to grips with a changing marketplace. Thanks to its size and status as an icon of American industrial might, GM's struggles are emblematic of fundamental shifts in the nation's consumer landscape.

The company needs to reach consumers who are ethnically and culturally diverse, and who demand an unprecedented degree of personal attention, said Gary L. Cowger, head of GM's North American business, in a speech Wednesday at the auto show.

"The mass market of yesterday has split into a mosaic of mini-markets. To win the day you've got to connect with all of them," he said.

LaNeve was named earlier this month to lead GM's effort to figure all that out. A brash Pennsylvanian who played football at the University of Virginia, LaNeve pumped new life into another stodgy brand -- Volvo -- before taking over Cadillac in 2001.

GM has sometimes suffered from an identity problem, he said. "I think we've done a weak job at times of really differentiating the brands."

Industry watchers have long criticized GM's overlapping nameplates; what's the difference, for instance, between Chevrolet trucks and GMC trucks?

Cadillac is the one label that broke out of the pack in recent years. The luxury carmaker shed years of decline into white-shoe irrelevancy by creating in-your-face cars that were not always admired but were impossible to ignore -- sort of like Donald Trump, who made a surprise appearance Wednesday to unveil a new Cadillac convertible.

Now, executives must try to carve out similarly distinctive personalities for the rest of GM's brands, LaNeve said. Buick will be "pristine quality, with quiet tuning," he said; Pontiac is "gritty street performance, authentic Detroit-built iron;" Saturn, now sharing designs with Europe's Opel, will be "sophisticated European flair, and no-hassle selling."

If one of the brands fails to pull its own weight, the company eventually could consider phasing it out, GM vice chairman for product development Robert A. Lutz told an investor conference Wednesday, according to a transcript provided by the Associated Press.

To avoid such a drastic step, the company plans to get more aggressive in its marketing techniques. A new advertising campaign with the tagline "Only GM" is debuting to emphasize safety features such as stability control and the OnStar roadside assistance program being offered on new models.

But big, broad-brush ad campaigns are no longer enough, Cowger said. During his speech, he showed a 1964 TV ad for the Buick LeSabre, featuring a suburban white family and dad-stroking lines such as, "People will think you were promoted before you actually were" and "Parking attendants will call you 'sir' instead of 'buddy.' "

"Clearly, that commercial is intended to attract upwardly mobile white males," Cowger said. "It's a much different world out there today. And by the way, it is a better world, but it's incredibly tricky for marketers."

Hispanics are soon expected to wield annual spending power of nearly \$930 billion, he said. GM recently announced Spanish-English sales training programs for dealers in Chicago and New York, and Cowger said the company is emphasizing advertising on Spanish-language television networks.

The company also is using new media to try to reach smaller and smaller interest groups. When a new Corvette debuted in January, for instance, enthusiasts with video-equipped

cell phones were able to sign up for a live simulcast of the event and special extras such as interviews with designers.

Remarks Cowger delivered in Chicago about the company's plans were "podcast," or converted into MP3 format and posted on the Internet for people to download into their iPod music players.

And when Cadillac sponsored a contest to create five-second movies touting the brand's high-speed cars, the brand's Web site saw a 350 percent increase in traffic and generated 43,000 requests for dealer information, Cowger said.

GM deserves credit for pioneering such marketing techniques in the auto industry, said Jack R. Nerad, editorial director for the Kelley Blue Book information service. But LaNeve's success making Cadillac popular with both businessmen and rappers won't translate to other brands unless GM makes more fundamental changes, Nerad said.

"When you have an industry that still has middle-aged white guys making a lot of the decisions, I don't know that they necessarily have the feel for what a 20-year-old Hispanic woman is going to want to buy," he said.