Saving Detroit,
by not making the same old mistakes

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Jack Yan looks at how Detroit's Big Three might be saved, and warns against the usual quarterly result-driven methods

Executive summary
Detroit has not ever used a brand orientation in its automakers' marketing strategies, and it talks of trimming brands and numbers to allow it to compete. The author believes in being more focused on brands and not losing economies of scale, and building more of what consumers want. The tools are there, such as consumer-targeted blogs, but manufacturers need to use them.

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1. LL B, BCA (Hons.), MCA. CEO, Jack Yan & Associates (http://jya.net); Founding Publisher, *Lucire* (http://lucire.com); Director, the Medinge Group (http://medinge.org). Copyright ©2008 by JY&A Consulting, a division of Jack Yan & Associates. All rights reserved. No part of this work may be reproduced in any form without the written permission from the copyright holder.

MOTOWN has been in trouble constantly since the 1970s. That time, it was its failure to see how the imports were gradually conquering North American market, and when the Arab–Israeli War forced up fuel prices in 1973, the Japanese were already there with models that had great gas mileage. When the second oil shock happened, US companies were still largely ill equipped. Then-Ford president Lee Iacocca noted that sales of its full-size cars were going up, leaving Detroit's number two without many economy models.[2] The Japanese won again.

Similar patterns began emerging in the 1990s.Then, Detroit was obsessed with trucks and SUVs. It is generally regarded that there is some financial wisdom behind building these large vehicles, as they generate plenty of profit in an industry where US automakers have massive costs, especially relating to union workers' pensions and healthcare. But it was becoming obvious to only a few that Detroit was leaving its economy models behind, while the Japanese, once again, were sweeping in with up-to-the-minute variants of their Toyota Corolla and Honda Civic.

The author wrote of this folly at the turn of the century, including DaimlerChrysler's decision to abandon the low-cost Plymouth marque[3]—in case low-cost, cheap cars became necessary again. In both these cases, the latest (2008) fuel crisis, driven by high prices and speculation, have proven him right. Detroit is scrambling once again, as it did in the 1970s and early 1980s, wondering how to fix itself. And its ideas smack of repetition—since some of them have been proven to have failed the industry before, in other nations.

The problems are long-term ones that cannot be fixed by short-term adjustments. The truck and SUV obsession was a short-term fix, a quest for profits which Chrysler Corp., in particular, rode very well with its Dodge and Jeep lines in the 1990s. But it left Chrysler weak in passenger cars.[4] It is to be expected, however, since Wall Street itself has an obsession: that of the quarterly result. This, however, does not bode well for corporations that have to last generations.

Japan seems to lack this problem as investors are perfectly happy for their companies to see out a longer term. While there are exceptions, Toyota has been mostly left to its own devices, its management opting for a gradual evolution of its strategies, cutting costs of manufacture and appointing westerners to the board. It builds, for instance, the Camry and Corolla in more locations than any one US model.

It would be foolhardy to say that Toyota is impregnable. It has weaknesses, in that its cars are considered the equivalent of domestic appliances: reliable but uninspiring. Detroit had attempted such cars before, often with Japanese input. And it found that these models were not true to the various brands owned by Chrysler, Ford and General Motors.

2. L. Iacocca and W. Novak: *Iacocca: an Autobiography.* New York: Bantam Books 1984.
3. J. Yan: 'Where Is DaimlerChrysler Heading?', *CAP Online*, February 12, 2000, <http://www.jyanet.com/cap/2000/0212ob0.shtml>.
4. J. Flint: 'Company of the Year: Chrysler', *Forbes*, January 13, 1997, pp. 83 ff.; *q.v.* E. A. Robinson: 'America's Most Admired Companies', *Fortune*, March 3, 1997, p. F-2.

The brand orientation, which necessitates long-term thinking, is what Detroit needs.

This is a bold statement as GM-watchers may be able to point to a failed era where the company did just that. Buick, Cadillac and other GM divisions were, the company claims, run as brands. But this is not true, at least not branding as most professionals understand it. GM made the classic mistake of equating sales to branding: all it did was to regroup into a geographical sales structure and expected its regional heads to maximize sales.[5] Little consideration was given to the *meaning* behind each brand, nor was there feedback from consumers. The experiment was deemed a failure.

Others may also point to the failure Ford has had with its brands, even if it has been credited with being a good brand steward of properties such as Volvo and Aston Martin, two which it had acquired in the 1990s. Jaguar, it is pointed out, was always a division that kept needing investment, never making anything for Ford, despite it paying US$2·5 billion. But there, too, Ford misunderstood the Jaguar brand, lumbering it with *passé* designs that the marque's customers did not want. While it never wound up merely badge-engineering Ford cars, it cannot be easily argued that Ford's failures were due to brand management.

The talk around Detroit is of rationalization and killing off brands, getting its costs and sales more into line. GM, it is argued, may have to be content with being a global number-two, and Toyota can remain in its top spot. Retrenchment seems to be the theme.

It's true that the Big Three need to leave or at least reconsider sectors where they have not created products that the customer wanted. But are they listening? There are enough tools out there on the blogosphere to show that, for example, Ford buyers would prefer the latest European Focus rather than the model it is currently selling. But only GM has made any headway in blogging and listening directly to consumers' feedback. Ford is blinded by the fact its old-tech Focus is selling well, without realizing that the same behaviour turned the original Ford Taurus from class leader to a has-been model line in less than a generation.

Most of the techniques have existed for decades. Retrenchment and rationalization were pursued by British Leyland in the 1970s on. The company now exists, other than the Jaguar and Land Rover businesses, as an independent company making one MG model, as a division of Shanghai Automotive Industry Corp. Jaguar and Land Rover are owned by India's Tata Motors.

Toyota, the darling of the motoring press, particularly for its hybrids, does not pursue retrenchment. It is easily argued that it does not have to. But it has been clever in filling niches and using a minimal number of platforms to create a wide variety of cars—something Detroit's Big Three were once credited with doing and needs to again. Right now,

5. M. Kerbs: 'G.M. Will Pare as Many as 1,000 White-Collar Jobs', *The New York Times*, August 5, 1998.

it's looking at ways to cement the lead, especially in a cost-cutting programme—in the belief that it's better to do this calmly than being forced to.[6]

This paper deals first with some of the ideas being bandied about the US auto industry for starters, then groups them into techniques that could save the Big Three.

INGRASSIA[7] points out that the Big Three have shed 269,440 employees since 2000 and lost a combined $67 billion in the last three years—and that's not even counting Chrysler for all 12 months of 2007. But at the same time he points out that Fiat turned itself around and posted record profits. Nissan went from lossmaker to profitable in 2001. Chrysler itself was turned around by Iacocca in the 1980s.

The industry, he says, has at least made moves on the union front, which is one of its biggest hurdles.

But some of the ideas that he has found executives mentioning in Motown show the usual maximize-profits-now mentality that landed the automakers into trouble in the first place.

GM

GM has eight brands, and it is believed, some need to go. In fact, GM has more than eight, once one starts counting Opel, Vauxhall and Holden in its overseas arms. Ingrassia reports very geocentric thinking from Detroit: 'If you're shopping for a midpriced sedan, for example, G.M. has six. Buick by itself has two. Toyota, by comparison, has just one—the Camry, which sells nearly as many vehicles each year as all six of G.M.'s offerings combined.'[8]

It's not totally true. Even in the US, Toyota has a Lexus sedan costing what a well equipped Camry would cost. In its home market, Toyota fields *more* than six mid-priced sedans, selling to a smaller total population. While this is a straw-man argument—foreign automakers have a small share in Japan and Toyota nears 50 per cent[9]—the quantity of entrants in any sector is generally not a problem.

The important thing is that each brand is well defined enough without cannibalization. Ingrassia indicates that GM CEO Rick Wagoner is trying to consolidate sales' channels without trimming the brand line-up. This makes total sense, because there is nothing that suggests that one manager could not oversee two or three brands. The Japanese have generally kept trim structures for its brands. Toyota itself manages three. Having one divisional head oversee two or three brands can work if there are no favourites and each brand's positioning is well defined and understood.

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6. P. O'Connell (ed.): 'The Man Driving Toyota', *Business Week*, July 22, 2005 (also online at <http://www.businessweek.com/bwdaily/dnflash/jul2005/nf20050721_7169_db053.htm>).
7. P. Ingrassia: 'Who Will Survive?', *Condé Nast Portfolio*, June 2008, pp. 86–95.
8. Ibid., at p. 93.
9. I. Rowley: 'Toyota Set to Top 50% Market Share in Japan', *Business Week*, 'The Auto Beat', November 1, 2007, <http://www.businessweek.com/autos/autobeat/archives/2007/11/toyota_tops_50.html>.

The short-term thinking is that Saab, Buick, Pontiac, Hummer and Saturn should die. This is the same thinking at DaimlerChrysler that led to Plymouth's demise. But it is not the same thinking that led to Oldsmobile's, a GM division, at the turn of the century.

Oldsmobile became an untenable brand for GM because it occupied a very similar market niche—price-wise and psychographically—as Buick. Purists will be able to nit-pick that argument as there were differences between the buyers: Oldsmobile ones sought American quality and tradition, while Buick ones sought presence without arrogance. However, the reality inside GM was that Oldsmobiles were not really given a distinctive character and given that one of branding's core tenets is differentiation, the brand had failed.[10]

Plymouth, however, was on its way to becoming a distinctive brand with its own design language. Chrysler had already débuted the Plymouth Prowler, a hot rod acting as a halo car for the brand. The next model, the PT Cruiser, was about to be launched, débuting a retro design. The remaining Plymouths, developed as Dodges with different trim, were given scripted badging that hinted at the brand's more youthful, lively positioning for the 21st century.

A Plymouth division, had it not been for its cancellation under DaimlerChrysler, would have expressed American youthfulness—the PT Cruiser's initial success illustrated as much—while Chrysler itself would have remained premium, and Dodge sporty.

Instead, Plymouth products were rolled into the Chrysler marque, confusing that brand—diluting it and forcing a repositioning into a sort of American Volkswagen. At least then it posed no greater threat to some of Mercedes-Benz's lesser models. But Chrysler lost a distinctive brand with value-leading models—which would have helped it today in an age of high fuel prices. Plymouth had stayed away from SUVs and trucks—a great brand image for 2008.

The brand-trimming argument is what caused BL to kill Triumph's saloons and MG's sports cars a generation ago. The thinking was that Triumph and Rover saloons competed in the same sector—based on price, they did.[11] Based on *brand*, they didn't. There was similar thinking that led to the closure of MG—because Triumph, it was decided, already had a corporate sports car.

The consequence that played out over decades was that BL's successors lost their economies of scale.

BL was starved of investment, however, which meant it could not have realistically fielded two identical cars with different badges for long. But it had already made steps to group Austin and Morris together, then Jaguar, Rover and Triumph. One divisional head could have overseen well defined brands, putting a sporting version of one saloon into

10. See, e.g., E. Shapiro: 'Is Oldsmobile Name a Marketing Lemon?', *The New York Times*, October 29, 1992.
11. The Triumph brand is owned by BMW, which understands that from a branding perspective, it poses a threat to its core range.

Triumph's range, and a traditional one into Rover's. Experts generally agree today, with hindsight, that the failure to understand the distinctive brand attitudes and brand loyalty behind each BL brand caused credible models to be axed.

Even Toyota has been careful in Japan. It fields, for instance, mid-sized front-wheel-drive sedans such as the Camry *and* rear-wheel-drive models such as the Mark X. They look fairly similar. But it understands that they appeal to different buyers in a market where consumers are likely to be loyal to model lines in the way US buyers are loyal to brands. If this holds true, then Chevrolet, Saturn and Pontiac can coexist, for example.

There is no need to ape Toyota just because it fields just three brands in the US. No US automaker can afford to rationalize its range to that extent, because none has been able to show that a single American brand can sell twice the volume of two defunct brands. A Chevrolet Cobalt might not be able to fill its own shoes as well as that of a Pontiac G5's, if Pontiac were to be axed. It's just as likely that those Pontiac buyers would go to the imports. Historically, did Oldsmobile and Plymouth buyers remain with GM and Chrysler after their parent firms killed them?

Brand axeing should take place in cases of overlap or ill definition—and a recent example in Japan would be that of Mazda, which bid farewell to many of the marques it tried to create in the early 1990s (such as Efini and Eunos).

Saab is a distinctive brand that has been starved of new models for years, but it certainly isn't in as bad a shape as any of Mazda's old marques. It has two sedans on Opel Vectra platforms, by themselves not that successful. An SUV was put into the range to stop buyers from leaving the marque. Saab's problems are not down to a brand that has a strong aircraft heritage, the warmth of Swedish culture and a history of innovation—messages that are still continued in its marketing. Saab's problems are due to the dearth of new models, which means that it fails as a BMW or Mercedes-Benz rival.

It has no ready overlap in the GM universe, and all the brand really needs are new models. GM has made some headway in putting Saab development with its German company Adam Opel. What it needs Stateside is to look at Saab alongside a non-competing GM brand—and any are compatible. In Australasia, Saab is sold alongside HSV and Hummer, two other premium GM brands.

Modern communications could see a very effective platform engineering programme, which GM is already putting in place anyway. This means one team is working on the Opel Corsa E and Daewoo Gentra replacements, which will be sold in the US as the Chevrolet Aveo successor next decade. GM Europe is working on mid-sized cars such as the Opel Insignia and the next Chevrolet Malibu. And GM's Australian arm, Holden, created the full-size platform underpinning the Holden Commodore and Chevrolet Camaro.

This programme simply needs to be extended further to creating niche vehicles for Saab as well as replacements for its current range—and there is evidence that GM already got that memo. Buick should benefit from this, too: a Lucerne replacement could easily have been developed alongside the Commodore.

Similar arguments could be made in support of Buick's presence. While that brand has trimmed models in recent years, what it does field is distinctively styled and its brand, too, is well defined. Sheetmetal might cost money, but the majority of R&D goes into automotive architecture—stuff that customers cannot see. Buick and Hummer appeal to very distinctive buyers who are not catered for elsewhere, and Hummer itself is leading the charge into international markets.

That leaves Pontiac and Saturn, which is already benefiting from globalization. Pontiac fields two rebadged Holdens: a large sedan and a truck. Saturn is becoming the American name for Opel: it can easily go from import-fighter to import-seller, provided it keeps its no-nonsense approach to retail, one of its main differentiating factors.

GM has used the rebadging idea well in some markets. In Britain, most Vauxhalls are really Opels—in most of the range, the model names are even the same. For years, Holden used the same method, though now it rebadges several Daewoo models (Daewoo is another GM brand). There is no reason for Pontiac not to have some Holdens, with the rest of the range selling extreme-performance models made in the US. It would increase economies for Holden. Saturnized Opels would also help Opel in Europe reach greater economies there.

If there is one thing that history has taught us is that tastes are cyclical. Muscle cars may be wrong for 2008 but they may be right for 2012. If Pontiac is killed off, can GM successfully deal with that sector then?

The above are cursory brand analyses only. No one should say that that Saturn's only differentiator is a no-nonsense retail approach. There are plenty of other reasons that Saturn is distinct from Chevrolet or the other automakers' brands. And those other reasons, especially considering the buyer, probably won't overlap as greatly as a mere financial, BL-style analysis would suggest.

In fact, Aaker's five brand equity targets[12] are instructive and it is not impossible to maximize all of them, propelling every GM brand to varying degrees of success. GM and its investors need to remember history and why Britain still has a car industry, just one dominated by Japanese and foreign makes.

GM needs to begin by defining its brands and engaging consumer help to get there. It has a good enough support base via its blog, *Fast Lane*, to which Bob Lutz, its product czar, contributes. People believe their ideas are being heard and Lutz has been making many of the right moves by enlisting the help of global GM divisions. That can only be enriching to brand equity.

12. D. A. Aaker: *Managing Brand Equity.* New York: Free Press 1991.

One brand that has escaped criticism for the most part is Cadillac, which has at least sorted its design language and styling out, produced products that Americans (especially style-conscious younger consumers) want,[13] so either GM got lucky—or GM has the skill set already within its company.

GM's other great asset, which it is finally using now with Lutz's top–down endorsement (another necessity in branding), is its global divisions.[14] Each has been made a centre of excellence. Each is part of a greater global structure, entrenched in GM behaviour over decades. Toyota centralizes a lot more of its product development, but GM may be able to have each centre work in tandem and bring products to market more quickly.

Ford

Ingrassia is more optimistic about Ford, which has been slimming down, selling Aston Martin, Jaguar and Land Rover. But he is critical of the company's product range, and rightly so.

At the time of writing, Ford has been enjoying healthy sales in the US with its Focus compact car. However, car enthusiasts have been critical of this model, since it uses an old platform. Even México has the new-platform model in its range, leading some to disbelieve Ford's reason that the newer model would be priced too highly to be competitive in the US. (Ford also sells the Mazda 3 in the US at a competitive price, and that is on the newer platform.) Alongside the Honda Civic, the Focus seems old hat.

However, expensive fuel and Ford's widespread US dealer network have meant that the Focus is being snapped up. Some of this is probably due to brand loyalty, too: those that stuck by the company in the days of the truck and the Explorer SUV are looking at the Focus as a simple, bugs-ironed-out model.

As mentioned earlier, strong sales are not always an indicator of long-term brand strength. Should fuel prices come down and people begin repeating their less considerate, energy-consuming behaviours, will they turn to Ford? Many Taurus buyers did not return to the company when they wanted another mid-sized sedan: they went to Toyota and Honda. There are only so many years that a company can sell an old-platform design, and in the age of the internet, car buyers are more savvy than ever.

Ford has a bright spot, says Ingrassia: its CD338 line of sedans (Ford Fusion, Mercury Milan and Lincoln MKZ). He is right, as these have also managed to be sold in South America as well, as premium models. Using an old (but revised and competitive) Mazda Atenza platform, CD338 was developed with good savings, showing that single platforms can be adapted further. The current Taurus, using a Volvo platform, is another example.

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13. J. Yan: 'The Brand Attitudes of Automobiles', *New Age Branding: Concepts and Cases,* vol. 1. Hyderabad: ICFAI Press 2002, pp. 101–13, at pp. 105–6.

14. Remaining divisions such as Cadillac simply need to get the product right: the author understands that its much-lauded CTS sedan, for example, still falls well behind its German rivals on the interior. Meanwhile, Opel does acceptable interiors. This is a single example of GM's unused assets.

But Ford could trim its platforms further and make use of its international divisions. The Ford Mondeo's European development duplicated that of CD338, and enthusiasts have been supportive of the European car. Ford is ending the duplication with its next B-sector (supermini) car, the Fiesta, which will be sold in Europe, North America, Asia and Oceania.

Ford's problems in the past were linked to internal politicking, leading many to dismiss the global model. They cite the CDW27 project of the early 1990s to be an example of a car developed in Europe and failing in the US. Its size was often blamed. The reality was that CDW27 was under-marketed, especially as BMW continued to earn sales in the same size segment.

Facing troubles, and with a new leader in the form of CEO Alan Mulally, Ford may well have realized that being a united company has its benefits.

It could do more, as Australian commentators are quick to point out that their countrymen's big-car expertise is not used sufficiently. But it does make use of Volvo as a safety centre of excellence, and there are signs of change.

From a branding point of view, Ford may well have sorted things with its core brand, steadily sorting its product range out in what appears to be a medium-term plan leading into the mid-2010s.

It has generally been regarded as a good brand steward for Volvo and Land Rover. Jaguar's problems were detailed earlier and they seem to have been an (expensive) exception rather than the rule. Aston Martin grew under Ford as well.[15]

Volvo has been engineering class-leading platforms for the company, it has a well defined brand centring around safety and Swedish design, and it's a rare case where the (profitable) status quo should be observed. Mazda is Ford's sporting brand, and seems to trade well on its Japanese origins and philosophy, with halo cars such as the MX-5 and RX-8.

Its problems rest with Lincoln and Mercury. Lincoln was once a proud brand, but with the demise of the Town Car, no longer fields a large luxury model to rival the large Lexus LS and the top Cadillac. Instead, its models are warmed-over Fords, making sense from a cost perspective. Lincoln buyers are indeed different, brand-wise, from Ford ones. But surely they are discerning enough to notice that what they drive does not look that special?

The good news for Lincoln is that it has downsized, something that it failed to do in the 1970s until GM had already made its move. However, Ford is falling into a trap with cars that do not support the Lincoln brand well, and it can hurt the company in the long run. A brand vision was once developed and show cars built (such as one called the Mark IX), demonstrating a renaissance and a design language for the brand. Little seems to have

15. J. Yan: 'The Brand Attitudes of Automobiles', op. cit., at pp. 111–12.

come of it other than adopting the grille design. It shows short-term thinking and Lincoln is being hurt until it can launch more interesting cars. It seriously needs a brand strategy outlined.

If Lincolns are not special, then what of Mercury—which has languished for over a generation? The brand is nearly invisible, it sells cars that are considered upscale Fords, and the company's financial problems meant that any distinctive models (such as the Cougar) were cancelled.

Mercury could be fixed if Ford simply examines its Japanese affiliate's range at Mazda, which develops more models than US consumers see. If the brand were defined as a quality import-fighter, it could have a chance at distancing itself from its warmed-over-Ford image. An obvious candidate for "Mercurization" would be the next Mazda MPV.

Chrysler

Chrysler, the smallest player, is now under a private equity firm's control and is not particularly well positioned. Once a highly respected company in the 1990s, Chrysler had lean R&D processes, exciting niche models and the admiration of American businesses. *Forbes* called it the Company of the Year.

This was appealing to Daimler-Benz AG of Stuttgart, which took over Chrysler in the late 1990s. As discussed, the Plymouth marque was a casualty. But the takeover was poor in other areas: there were cultural clashes, the brands were never defined to begin with, and the newly merged DaimlerChrysler found difficulty getting economies of scale with the platforms. Lean R&D suddenly seemed more cumbersome. And the resignations of many of Chrysler's old bosses—Bob Eaton, Bob Lutz, François Castaing, *inter alia*—did not do much for the workforce.[16]

Dodge was an easy brand to define, alongside Americanness and sportiness. However, Chrysler went from innovative American luxury—its LH big cars were highly acclaimed, as were their successors—to a sort of Volkswagen, having low-priced models such as the Neon and PT Cruiser sitting uncomfortably with the 300 large car.

Brand-wise, Chrysler is all over the place. Ingrassi is right that the company has not fielded a true luxury car for years. It is cooperating with Chery of China on a small car—which might be too little, too late, when it is launched.[17] And when it is launched, where will it go? It would have been ideal for Plymouth.

Meanwhile, Nissan is building a subcompact for Chrysler in South America. Chrysler is building a minivan for Volkswagen at a Canadian plant.

One scenario is to kill Chrysler off, which would dilute Dodge's brand—since models such as the Chery joint-venture vehicle will have to be absorbed. It would fit as poorly

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16. Ibid., at p. 111.

17. Not every company has been successful in cooperating with Red Chinese companies. Chrysler has had some experience with its Beijing Jeep venture, among others, but not with Chery.

there in buyers' minds as the PT Cruiser did with the old LHS and 300M large cars. Dodge, after all, has just released a sports car, the Challenger, a retro-design exercise meant to recall an age when its brand was well defined and proud. The Chery JV model could well look sporty—but if it is an economy model, will Chrysler be tempted to put another marque on it?

Having fewer brands will do Chrysler no favours with its future models. Any disease the parent brand has will simply be passed on. Its saving grace is Jeep, which has not been tarnished greatly; in fact, Chrysler has been quite good at managing that brand and, for the most part, delivering the right product.[18]

While it might make some sense to streamline further, buyers make their decisions about a brand quickly. Brands are shortcuts so consumers can grasp their message quickly, hence the need for recognizable brand "attitudes".[19] And Dodge and Jeep have distinct characters that shouldn't be tampered with for fear of turning consumers away from that easy recognition and brand equity. Chrysler can be redefined as a quality marque, one with a dose of snob appeal but everyday prices—if it can really deliver that quality. Taking the halo effect of the 300, its most recognizable model, and bringing it on to smaller models isn't a bad idea—but it remains to be practised.

It will never be a Cadillac rival in the foreseeable future, unless some of those rapid R&D and tight inter-business relationships can return to make it a lean niche-filler. Those glory days weren't that long ago.

The solutions

First, each of Detroit's Big Three has some homework to do, in understanding their brands' visions, what they mean, and what they can mean. They can involve the public via the blogosphere, in a country that has high internet penetration. This will show transparency and a willingness to engage with the American car buyer, whom each company needs to win back. Or, they can do the exercise internally with cross-functional groups, but properly[20]—there is no more room for a lip-service nod to branding as there was in the 1990s.

Secondly, the Big Three need to understand just what makes their cars appealing. Aaker's brand equity elements are a good start but the quest for them needs to be constant.[21] The Japanese may have used W. Edwards Deming's principles over decades to get their quality up. American companies need to leap-frog that by being more engaging, being open where Japanese companies act closed. Continued understanding of consumer tastes via the blogosphere is one method; using that to inform future tastes is another.

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18. Some cannibalization has been risked with models such as the Jeep Commander, and its low-end passenger-car spin-offs have questionable appeal for the brand long-term.
19. See, e.g. J. Yan: 'The Brand Attitudes', op. cit., and W. Olins as quoted in J. Yan: 'The Attitude of Identity', *Desktop*, October 2000, pp. 26–31.
20. See, e.g. J. Yan: 'The Brand Attitudes', ibid.
21. Toyota's success factors are discussed in ibid., at pp. 108–9.

Feedback is important, and it has only recently played a part in the marcom end of the Big Three. Prior to that it only had customer clinics.

Thirdly, there is an untapped generation, namely the young people who are either too young to drive or getting into their first cars now. What has informed their choices? The author is willing to bet that while there are some who love muscle cars, there may be many more impressed by models that conserve energy.

Fourthly, US automakers are among the heaviest R&D investors—and they need to bring more innovation to the market more rapidly.

Fifthly, they need to realize the effect of a loss of economies of scale. The historical models are there. The key is to build the cars consumers want[22]—something that GM and Ford actually do quite well in Europe. If Levitt is right and there is a homogenization of tastes[23]—BMW and Porsche operate on this notion, and Toyota does in the mid-sized and subcompact sectors—then foreign bases need to be used more effectively. It's not about shutting factories and firing personnel, but being more sincere about delivering for future consumers.

Summary

Killing brands, as any observer of British Leyland has demonstrated, is not a solution when those brands are well defined, contribute to economies and have brand loyalty, recognition and perceived quality. Even if a brand contributes to economies alone, it can be saved through repositioning.

The US automakers need to put in play longer-term thinking. Chrysler is most dire at the moment, and Ford, while leaner, could do more with Lincoln and Mercury. Ford itself has excellent product and needs to show it can overcome regional politics. In neither case should they feel forced in delivering short-term results. In Chrysler's case it may be able to demonstrate to its owners that it can do well without the pressure of share prices.

General Motors has all the necessary ingredients for survival. It has shown a willingness to engage consumers, find ways of making use of its foreign operations and look at ways of retaining brands and economies of scale.

Being true to their brands can help US automakers get back to a strong position. Setting one's sights lower and claiming easy victories was certainly not the way Toyota rose to number one. Honda climbed from obscurity to Japan's number two—and it has one of the US's top-selling models—by setting higher goals. British Leyland should be a constant reminder of what not to do—unless the Big Three want to wind up being subsidiaries of foreign firms, their marques mere reminders of better times.

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22. See, e.g. G. Green: 'Meet the Inspirational, Indefatigable Geoff Polites', *Car*, June 2008, pp. 130–3, at p. 132.
23. T. Levitt: 'The Globalization of Markets', *Harvard Business Review*, vol. 61, no. 3, May–June 1992, pp. 92–102; cf. M. Griffin: 'From Cultural Imperialism to Transnational Commercialization: Shifting Paradigms in International Media Studies', *Global Media Journal*, vol. 1, no. 1, fall 2002, <http://lass.calumet.purdue.edu/cca/gmj/fa02/gmj-fa02-griffin.htm>.

About the author

Jack Yan founded Jack Yan & Associates, JY&A Consulting's parent company, as a virtual firm in 1987. A graduate of Scots College (where he was *Proxime Accessit*) and Victoria University of Wellington (BCA, LL B, BCA (Hons., 1st class), MCA), Jack is regarded as an authority in the areas of branding, identity, typography and cross-media branding, speaking and writing worldwide on these topics.

He co-wrote *Beyond Branding: How the New Values of Transparency and Integrity Are Changing the World of Brands* (Kogan Page, 2004), and wrote *Typography and Branding* (Natcoll Publishing, 2005) and a limited-edition presentation book designed by Charlie Ward, *View Point Series 1 of 4: User Seductive—Perspectives on 21st Century Branding* (Wai-te-ata Press, 2004). He maintains a blog at jackyan.com/blog.

At JY&A Consulting, Jack's focus is examining branding and global business, including how smaller firms can leverage their intellectual capital applying an international branding strategy. His master's thesis proved a connection between organizational vision and business performance through best-practice methods, which are now applied to many JY&AC clients.

He developed the *Lucire* brand from 1997, and took it into print in 2004—the first web site in the world to have spawned international print editions. It was the UNEP's first fashion industry partner in 2003.

He is a regular columnist for *Desktop* magazine in Australia, and formerly contributed to UK design titles, *DZ3* and *Fontzone* (1998–2000). Articles about him or his work have been published in *The New York Times*, *Elle* (US and Taiwan), *The Washington Post*, *Pioneer Press* (St Paul, Minn.), *Access*, *Design Week*, *Graphic Design USA*, *Resumé*, *Vogue*, *IdN*, *Professional Manager*, *Publish*, *MAP Magazine* (Brisbane, Qld.) and *The Sydney Morning Herald* and broadcast on Saturn Television and the TV One network in New Zealand.

Jack Yan is a director of the Medinge Group think-tank of Sweden, a member of the advocacy group TypeRight (which he co-founded) and a former member of the Society of Publication Designers, the Sales and Marketing Executives, Alliance Française, and AGDA.

His interests include the application of Confucianism in the context of global harmony and business, automotive design and international cultures.

About JY&A Consulting

JY&A Consulting (http://jyanet.com/consulting) is part of Jack Yan & Associates, an independent global communications company founded in 1987. JY&A Consulting tailors solutions using researched business principles, based around the organization's vision and identity. The company specializes in identity, branding, marketing strategy and global strategy. Its clients have included small businesses, non-profit organizations and *Fortune* 500 companies.

JY&A Consulting

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