



Advertising: Cost Cutting Opportunities Abound

Every auto company in the world is leaning on its suppliers to cut costs. Annual price reduction targets have been the norm for more than a decade. Toyota has told its suppliers that they have to meet Chinese costs or risk losing business. Ford and others are encouraging suppliers to set up factories in China for the same reason. It's easy to measure the savings when a part that previously cost \$2.00 is now \$1.50.

But while the auto companies are exercising enormous power over these suppliers they seem to be wasting billions on advertising that isn't very effective or worst, is simply counterproductive.

I could devote an entire column to the devaluing of brands from the concentration of TV and radio ads screaming about rebates and zero percent finance deals rather than on the product itself. But that is a different issue than the billions being spent on celebrity endorsers and odd and ineffective messages.

Buick's campaign comes to mind as a prime example of wasting advertising dollars. Does anyone really believe that Tiger Woods drives a Buick Rendezvous? And what about Harley Earl? Does anyone except long-time employees and retirees of the Big 3 know who he was, or for that matter, care? How many millions were spent to develop ads that depict the world's best golfer looking very uncomfortable talking to a ghost in a zoot suit? Maybe the ads should carry a little postscript letting 99 percent of America know that he's the guy who put the mouse holes on Buick hoods in the 1940s.

The real problem for Buick is that it doesn't have a winning product portfolio so paying Tiger Woods big bucks can't change sales outlook for the brand. The money would be better

spent on new products for Buick.

Chrysler couldn't resist throwing millions of dollars away on its Pacifica campaign using Celine Dion as its celebrity endorser. I'd like to know how Chrysler and its agency rationalized a campaign that cost a fortune and slotted the Pacifica instantly as a "mommy car" alternative to a minivan. What other message are we supposed to get from Celine fondly gazing at her son in a car seat? If that was how Chrysler wanted to position the car, it didn't need to pay Celine big bucks to pretend that she is an everyday mom hauling her child around.

Mercifully GM's mea culpa "road to redemption" campaign has run its course. I can just hear the conversation inside GM's executive suite that prompted the decision to

Buick's campaign comes to mind as a prime example of wasting advertising dollars. Does anyone really believe that Tiger Woods drives a Buick Rendezvous?

waste money on a campaign to air past sins. "Why doesn't the customer understand that our cars match the Japanese in quality today? Why are we still tarred with our past quality mistakes? Let's spend a small fortune reminding customers about our past quality gaffs and then tell them we've reformed." I think it would have been better to let sleeping dogs lie. In fact, when GM offers customers competitive models, they succeed. When the models aren't fully competitive they don't sell.

Recently OnStar, GM's once struggling telematics service, changed its message and

seems to have turned around by concentrating on safety and security. Instead of using Batman to find the nearest gasoline station, OnStar is using actual calls for assistance to the service. These ads work very well on radio, a cheap medium compared to TV and they define a real value that consumers understand. Production costs are negligible compared to television, especially when millions of dollars in fees are paid for the use of Batman and the message is very clear. These ads aren't going to win any awards for creativity, but it is a cost-effective way of getting the right message to the right consumer. So convincing are these ads that my sister called me to ask if they were true and which cars were equipped with the OnStar system. She is going to trade

her Honda Accord in for a car with OnStar.

For an industry pressed to maximize the value of every dollar it spends, advertising budgets seem to offer tremendous opportunity for savings. They have often offered the opportunity to get better value for every dollar spent. ★

Maryann Keller is a veteran auto industry analyst and author of the books "Rude Awakening: The Rise, Fall and Struggle to Recover at General Motors" and "Collision: GM, Toyota and Volkswagen and the Race to Own the 21st Century."