

Major innovations in the auto industry, and the marketing push behind them

With the auto industry seeing a sharp decline in new purchases, and the media landscape changing at a break-neck pace, car manufacturers are faced with challenges as never before. What can this mighty giant do to rekindle America's love affair with their vehicles?

Early Innovations, and the first mass marketing campaign

At the dawn of the 20th century, Henry Ford introduced the "Model T" to America, and a new era was born. Freedom loving Americans were enamored with the idea of being able to rapidly go anywhere they pleased. In an effort to further drive home the infinite possibilities of his invention, Henry took out his "999" race car onto the frozen waters of Lake St. Claire and set a land speed record of 1 mile in 39.4 seconds. Shortly there after, the newly formed Ford Motor Corporation launched what could be considered the very first nationwide marketing campaign by enlisting Barney Oldfield to drive the "999" all over the country in an effort to prove the vehicle's value and durability. Needless to say, it worked. By 1927, when the Model T was discontinued in favor of a more up-to-date model, the company had produced and sold about 15 million cars.



Barney Oldfield and the Ford 999 that toured the USA

The industry continued to grow exponentially for the next several decades. With fierce competition and countless factories sprouting up, innovation was the key to survival. The onslaught of World War II caused most of the auto manufacturers to shift their focus on production from civilian focused to be more military-centric.

The impact and aftermath of World War II

The US Military wanted a new light-weight, four-wheel-drive, general-purpose vehicle. "GP" was the abbreviation for "general purpose", and was pronounced "jeep". The government submitted requests for designs in 1940 and while Willys and Ford both submitted entries, the government selected a vehicle design by the Bantam Car Company. Bantam made over two thousand vehicles, but couldn't supply the volume needed. Willys got the contract to build Jeeps in late 1940. Willys-Overland made about 360,000 Jeeps for the military between 1941 and 1945. They proved to be rugged and dependable in the war, and by the



An early advertisement for Willys Overland Jeep Station Wagon. The first true SUV

time the soldiers came home, Jeeps were well known and loved for their durability and unstopability. Willys began to produce their Jeeps for the civilian market, and the very first SUV's were born. Even then, they were marketed to families with children,

as grocery haulers, and as a 4 wheel drive truck that could do it all.

The Muscle Car Era

The next major automotive breakthrough came with the advent of the muscle car. When the war was over, many young soldiers returned home and started putting loads of cash into their cars. It started out quite basic, in home garages, but soon increased into full-blown chop shops and performance service stations. The 50's were a great time for the automobile, and manufactures broke the mold with cars like the T-Bird, Corvette, Pontiac GTO, and Dodge Charger. Not only did this bring the heated competition among manufacturers to a boil, but also it helped to spawn an entire lifestyle. Gear-heads, or "greasers"—aptly named for their slicked back hair do's and dirty fingernails—were gangs of young

baby boomers who spent countless hours and dollars souping up their cars for local competitions, and drag races.

By the late 60's the major car manufacturers had fine-tuned the art of souped up cars themselves. As manufacturers one upped each other, the cars increased in power. As truly American as it gets, the 60's Muscle car era was a time when every American car manufacturer had a muscle car or two offered to the public. However, these muscle cars had two major drawbacks; fuel consumption and high emissions. As public concern grew towards the end of the



The 1965 Ford Mustang;
the car that launched an era

1960's, the Federal Government was forced to pass The 1970 Clean Air Act (CAA). The CAA forced automakers to begin using the catalytic converter to drastically reduce vehicle emissions by the end of 1975. While the catalytic converter was helpful in improving fuel efficiency and reducing emissions, it was also guilty of dramatically cutting down horsepower, and suffocated the Muscle Car Era.

Energy Crisis and The Japanese Invasion

Auto manufacturers shifted their marketing and advertising campaigns to appeal to the newer more environmentally conscious drivers. Everything seemed to be working nicely until 1973. In an effort to punish the US and other western nations, middle-eastern OPEC nations stopped exporting fuel. They also realized the strong influence that they had on the world through oil. The embargo forced America to consider many things about energy, such as the cost and supply, which up until 1973 no one had worried about. Prices of gasoline quadrupled, rising from about 25 cents per gallon to over a dollar in just a few months. The American Automobile Association recorded that up to 20% of the country's gas stations had no fuel during one week of the crisis. In some places

drivers were forced to wait in line for two to three hours to get gas. The total consumption of oil in the U.S. dropped 20%.

In Detroit the production of giant, gas guzzling cars was halted. Cars with big engines and large heavy bodies were no longer made in order to preserve oil and boost the economy. The American Auto industry was forced to increase the fuel efficiency and reformulate all of its cars; a task that they continue to struggle with today. At the same time, the import and sale of Japanese cars increased dramatically; mainly because they met the efficiency standards that most American cars did not. The Japanese invasion had begun.

Honda launched the CVCC (acronym for Compound Vortex Controlled Combustion) in 1972, and by 1975 the forefather of today's Civic had established itself as the first major challenger to the American auto

manufacturers. Its ultra efficient engine and cleaner emissions were a home-run with American consumers now forced to end their love affair with gas guzzling muscle cars. Toyota soon followed with the Camry, and another major revolution in the auto industry was underway.

Cars go Hollywood

Imports continued to gain ground in the American marketplace, but domestics were not going down without a fight. Pontiac re-introduced the Trans Am, a completely redesigned smaller muscle car that got an estimated 18 miles per gallon. They marketed it to enthusiasts who longed for the muscle cars of yester-year, and refused to drive a Japanese tin can. It even got an extra marketing push with the release of "Smokey & The Bandit"; a movie starring Burt Reynolds and featured the Trans-Am as a prominent 'character'. Dodge



1975 Honda Civic CVCC advertisement.
The vehicle that turned Honda into a world class manufacturer.

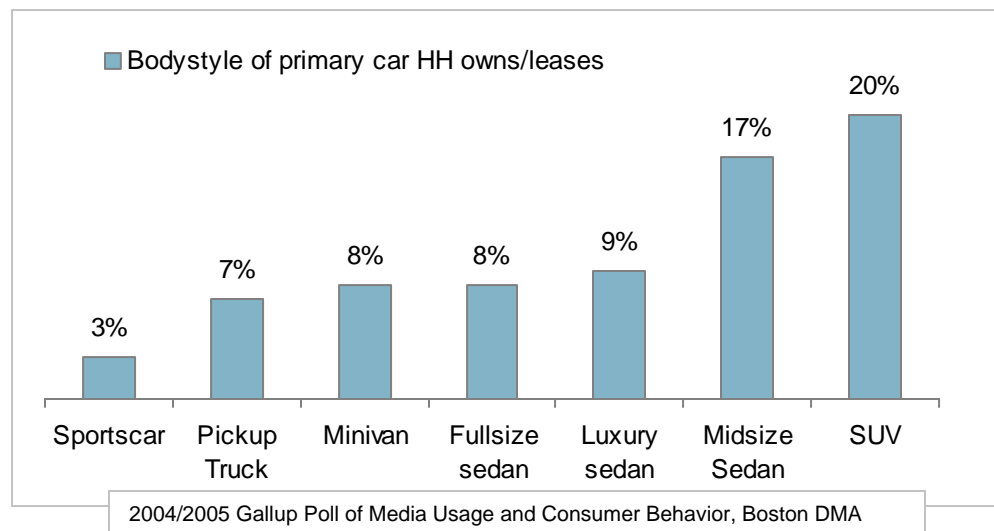
countered by placing their Charger in the hit TV series “The Dukes of Hazzard”. The auto industry had figured out that they could get the most bang for their advertising buck by pairing up with Hollywood.

The nationwide prosperity of the early 1980’s coupled with the booming “yuppie” culture helped to boost the luxury import market, and cars such as the BMW M5 and the Jaguar XJ3 caught on like wildfire. BMW’s U.S. sales peaked in 1986 but then dropped steeply, partly due to competition from two new luxury cars-Lexus made by Toyota Motor Corporation, and Infiniti, made by Nissan Motor Co. High-end exotics and Italian imports like the Ferrari Testarossa featured in the TV show “Miami Vice” became all the rage. Pontiac got a tremendous boost by featuring its newly redesigned Trans-Am as a talking futuristic concept car in the hit TV series “Knight Rider”. Foreign and domestics alike were competing fiercely to gain a piece of this new sports car segment.

The transition into the “Information Age” also played a large role in the modern era of automobiles. Computer aided designs helped to regulate things such as fuel economy, Carbon Monoxide output, and piston timing. No longer did consumers have to sacrifice fuel efficiency for horsepower. What’s more, these tiny on-board computers were easily modifiable. After-market tuner kits and microchips could be added to the computers dramatically boosting the cars output, and also its efficiency. The sale of Japanese models skyrocketed. But just as these smaller, lighter, faster, and ultra-efficient imports caught on, an American icon was ready to reclaim its territory.

SUV’s Takeover

In 1993, Jeep debuted the Grand Cherokee. While SUV’s had been around for nearly half a century, the Grand Cherokee was the first entry into a



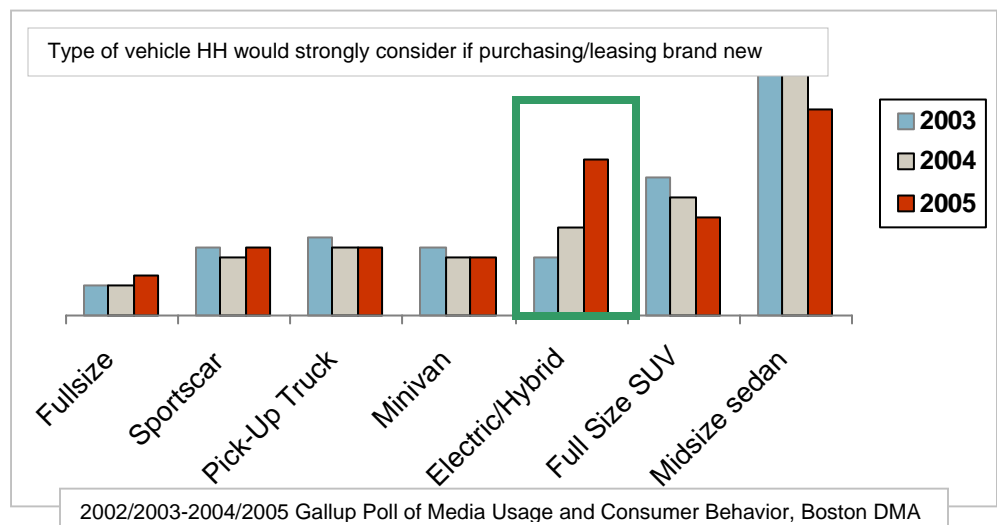
new class; the luxury SUV. For the first time, SUV's began to take on a more civilized appearance. Among the Grand Cherokee's high-end features were leather seating, a wood trim interior, and a dramatically improved ride. The SUV no longer drove like a boxed in pickup truck, but a refined luxury car that could still handle the rigors of off-road challenges. With Jeep's successful reinvention of the SUV and the help of rock bottom fuel prices, other manufacturers followed suit, and luxury SUV's took the lion's share of the market...no major Hollywood push, or overly hyped up marketing campaign necessary. This time, it was the product itself that spoke volumes.

This trend continued until the end of the 1990's and into early 2000. Just as the popularity of SUV's appeared to be invincible, gas prices slowly crept upward. The timing of this was a god-send for Honda. The Japanese company fired back at the dominant SUV and launched the first mass produced gasoline/electric hybrid automobile, the 2 door Honda Insight. The Insight instantly won numerous awards, and got an unheard-of 61-mpg in the city and 70-mpg highway. What many people once thought of as science fiction was now a reality. Japanese innovation once again, completely changed the industry.

The Modern Era

However, it took a major marketing push to convince consumers to believe the dream; especially considering the lofty price tag. A typical hybrid car costs several thousand dollars more than its traditional counterpart. Several large companies have

started to offer incentives to their employees who purchase hybrids. Bank of America gives their employees \$3,000 toward the purchase a



hybrid. That is in addition to the Federal tax credit of up to \$3,400. Timberland Co. sweetens their \$3,000 incentive by offering employees front row parking at their Stratham, NH headquarters. In New Haven CT, any resident who owns a hybrid parks at meters for free. These efforts seem to be working; according to RL Polk & Co, registration of hybrids increased 140% last year.

While hybrids might not be the catalyst to get Americans to jumpstart the sputtering auto industry, it is helping. Manufacturers are also realizing that they need to readjust the means by which they market their product lines. In 2002, BMW's MINI became the first vehicle that could be completely designed, customized, and ordered over the internet. Features such as uniform roof/side view mirror/rim color schemes, and iPod integration catapulted the new MINI's sales in the first year they were available.

The ripple effect was immeasurable. Sales of VW's new Beetle, which struggled initially, began to see growth. Toyota launched the Scion brand, aimed at young Gen Y-ers. The Scion compact and subcompact cars drew from the MINI concept and could be "tricked-out", or customized, on-line. For the first time,



2005 Scion xB,
tricked-out and factory direct

features that were traditionally after-market add-ons came factory direct. Scion buyers could add ground effects, neon glow-lights, high-end audio equipment, premium rims, and integrated headrest TV's...all for under \$17,000. What's more, these compacts get approximately 30mpg. The public had spoken, and the industry listened.

New Marketing

The troubles that the once mighty giant is confronted with are no secret. As consumers are choosing their vehicles with pinpoint precision, it will take a highly targeted multi-media marketing campaign to reach the car buying consumer.

As the auto industry adapts to this new environment, media outlets have also changed their approach to gain revenue. Honda's Fit and Element, and Toyota's Yaris TV ads are drawing inspiration from websites such as YouTube, and iFilms. The offbeat ads attempt to downplay the cars bells and whistles, and are targeted at the "personality" of the vehicles and people who drive them.

On May 18th 2006, Boston Globe Media launched their new *Cars* section with a strong showing from local advertisers. The weekly advertorial section, which runs in all the Globe's zones, carries about 12 auto pages, a marked increase over normal Thursday business. The reader-friendly format also contains a new directory of pre-owned car listings, which are reversed published from the Cars.com website. The section also runs on Sundays.

By utilizing various multi-media platforms, Boston Globe Media has adapted to the new media landscape, and vastly improved the options available to auto manufacturers.

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