

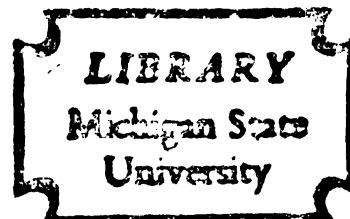
THE INTRODUCTION OF THE OLDSMOBILE
TORONADO

Thesis for the Degree of M. A.
MICHIGAN STATE UNIVERSITY
JOHN T. GREENING
1967

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ABSTRACT

THE INTRODUCTION OF THE OLDSMOBILE TORONADO

by John T. Greening

Not so many years ago, market segmentation in the automobile industry was based almost entirely on income groups. Major U.S. automobile manufacturers produced inexpensive vehicles for those with moderate incomes, medium-priced cars for those with medium-sized wallets, and ornately trimmed automobiles for those whose financial status was considerably above average. By 1960, however, automotive analysts began to show an interest in more sophisticated stratifications of the market. They discovered that, in an affluent economy, a man's car had become more than a major household expenditure capable of transporting him from one point to another. For many, it had become a medium through which they could communicate their self-image. The consumer was calling for an automobile with "personality" and the industry answered with the specialty car; a personal, sport-type vehicle which responded to a consumer desire for more distinctive styling. By the end of 1965, eight of these cars accounted for 8.64% of all domestic automobile production and

six were less than three years old.¹

However, dealing with segments of the market beyond mere stratification by income groups demands a highly sensitive marketing intelligence, especially in an industry where the test market is a luxury not afforded those responsible for the product mix. Once the automobile manufacturer has committed his production line to a new model, there is no turning back, and with the stakes so high, a tremendous burden is placed on the marketing analyst to provide relevant data to justify placing the new product in the showroom, and on the advertising strategist to insure that the customer will be along to drive it away.

When the new model is the Oldsmobile Toronado with its radical styling and front-wheel drive, the burden is even more momentous. The Toronado was the result of a desire among Oldsmobile executives to foster an innovation for the division as well as find a profitable market niche for a new model. Before the perfected product was introduced, market analysts had to determine to what extent the luxury sports car market could be expected to support the new Oldsmobile. Researchers had to learn about the attitudes and demographics characteristics of the potential customer so that

John T. Greening

advertising media and copy strategists could determine how he could best be reached, both physically and psychologically. And finally, marketing and advertising experts had to evaluate the success of the new product strategy. The unfolding of the Toronado is the story of the interaction of the marketplace, General Motors Corporation, the Oldsmobile Division, and the Toronado Advertising Campaign as they affected the luxury sports car.

¹"Prestige Car Production Shows Big Gain in 1965," Ward's 1966 Automotive Yearbook, Twenty-eighth Yearbook of Ward's Automotive Reports (Detroit, Mich.: Powers & Co., 1966) p. 120.

THE INTRODUCTION OF THE
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By

John T. Greening

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CHAPTER I

INTRODUCTION

The Prosperous Automobile Industry

Since 1962 auto sales have increased by at least half a million units every year and are up nearly a million for the 1965 model run. Detroit has never had it so good, and it will get better.¹

Automobile executives and market experts are greatly pleased with the immediate past and highly optimistic about the future of the industry. On a model year basis, 8,842,679 passenger cars were produced in 1965, nearly one million more than the previous record set only a year earlier.² In turn, 1964 vehicle shipments broke a record set nine years earlier, in 1955.³ The automobile industry has enjoyed four booming years in a row with sales increasing much faster than the population as a whole. During the decade from 1950 to 1960, for example, passenger car registrations increased 53% while the popu-

¹"New Strategies Shake Up Automotive Market," Printer's Ink, July 9, 1965, p. 9.

²Automobile Facts & Figures (Detroit, Mich.: Automobile Manufacturers Association, 1966), p. 1.

³"U.S. Vehicle Shipments in 1964 Topple Nine-Year-Old Record," Ward's 1965 Automotive Yearbook, Twenty-seventh Yearbook of Ward's Automotive Reports (Detroit, Mich.: Powers & Co., 1965), p. 65.

lation grew only 18.5% and all of the benchmarks which appear to be correlated with automotive sales point to the prospect of even greater prosperity in an expanding automobile market of the future.

A multitude of consumer behavior and attitude patterns made it possible for the industry to enjoy record-breaking production for several consecutive years and these same factors are promising a high sales volume in the months ahead. According to General Motors board chairman, Fred Donner, a strong automobile market depends upon adequate consumer confidence in personal earning power as well as a desire to own a new model.⁴ The importance of a consumer's confidence in his earning ability is undoubtedly hinged upon the fact that, in at least one sample, nearly 60% of new car buyers in 1965 did not pay cash for their family automobile. Better than 57% of this group borrowed the money from the bank and another 26.7% used a finance company.⁵ In addition, with the exception of food and shelter, the family car claims a larger share of the household budget than any other broad expenditure category. The all-household average for the share of total spending allocated

⁴Printer's Ink, July 9, 1965, p. 9.

⁵Alfred Politz Research, Inc., National Automobile and Tire Survey, A report sponsored by LOOK magazine (New York: Cowles Magazines & Broadcasting, Inc., 1965), pp. 26-27.

to the automobile varies directly with family income, but in 1965 it averaged 13.6% for the moderate-income and 12% for those in the upper-income brackets.⁶ Consequently, before assuming a debt for such a large expenditure, the potential customer must be reasonably optimistic regarding his own earning ability and the stability of the national economy. Even those who pay cash for their purchase can be expected to show a reluctance to part with such a large sum if they are pessimistic about their financial futures.

The available evidence suggests that confidence among potential automobile customers is likely to remain high over the next few years. Personal income has been growing much faster than the population as a whole and during the last decade it expanded a full 42% while the population grew only 17%.⁷ Incomes over the last ten years have also been more than keeping pace with inflation. Back in 1964, some 10.5 million, or 22% of the nation's families, had earnings in excess of \$10,000, but only 3.7 million, or 9% of the population earned more than \$10,000 ten years earlier.⁸

⁶"The Family Automobile," Conference Board Record, Vol. II (May, 1965); p. 46.

⁷"The High Speed Auto Market," Industrial Marketing, Vol. L (December, 1965), p. 112.

⁸"The Distribution of Purchasing Power," Conference Board Record, Vol. II (December, 1965), p. 54.

Barring unforeseen reverses in the economy, this trend is likely to continue into the near future. In a study conducted by the Survey Research Center at the University of Michigan in 1965, nearly 50% of the sample reported personal financial gains during the past year and 55% indicated that they expected the economy to remain healthy for the next five years. People are doing well financially and they are aware of it. The Survey Research Center concluded that confidence in 1965 was the highest it had been in ten years including the automobile industry's four boom years which began in 1962.⁹ Therefore, from the standpoint of consumer optimism as a factor in automobile sales, the immediate future looks even brighter than the past for the industry.

While confidence in the ability to pay for an automobile must certainly be a prime consideration in the consumer's purchase decision, it cannot fully explain the fact that automobile sales are expanding more rapidly than the population as a whole. Part of the answer lies in a consumer disposition to own more than one car. Multi-car households more than doubled between 1954 and 1964 while

⁹"Confidence is at a Peak," Business Week, July 24, 1965, p. 76.

car-owning families have increased about 25% during the same period. In all, multi-car households accounted for more than 33% of all passenger cars in 1964 with more than 20% of all car-owners having more than one vehicle.¹⁰

As Table 1 indicates, a full 20.6% of all households owned more than one automobile in 1965. Of all those who owned a car, 25.9%

TABLE 1. -- The growth of multi-car households in the United States

<u>Year</u>	<u>Multi-car Households</u> (000)	<u>Multi-car Households as % of:</u>	
		<u>Total Households</u>	<u>Car-owning Households</u>
1960	7,000	13.4%	17.8%
1961	7,400	13.8	18.1
1962	7,900	14.4	18.8
1963	8,700	15.6	20.1
1964	10,100	17.9	22.9
1965	11,750	20.6	25.9

Source: Automobile Manufacturers Association.

had more than one. Furthermore, the number of families owning two or more cars is growing faster than the total number of house-

¹⁰"Multi-Car Households Climb," Sales Management, August 21, 1964, p. 70.

holds in the United States making the multi-ownership trend a significant factor in the industry's recent sales surge.

The apparent correlation between multi-car ownership and the strong trend toward a population migration to the suburbs suggests that the purchase of second cars for the family will continue to grow in the future. As Table 2 indicates, residents of large metropolitan areas and those from farm areas are not nearly as likely to own a second

TABLE 2. -- The population distribution of multi-car households in 1965

<u>City Size</u>	<u>Distribution of Multi-car Households</u>
Metropolitan Areas 500,000 or over	8.5%
Metropolitan Areas under 500,000	13.9
Metropolitan Suburbs	45.9
Outside Metro Areas	25.8
Farm Areas	5.9

Source: Alred Politz Research, Inc. National Automobile and Tire Survey, 1965, sponsored by LOOK magazine.

car as the suburbanite. A full 45.9% of the multi-car households are situated in suburban areas and the second largest group of families with more than one automobile in 1965 were found in non-farm areas outside of the metropolis. The suburban migration in the United States is certainly not likely to reverse itself significantly over the next few years and can, therefore, be expected to remain as a favorable influence on car sales in the future.

Additional evidence supporting the contention that the automobile market should continue to flourish is found in the population explosion which insures that a vast number of new customers will be reaching driving age or forming new households with the resulting acquisition of an automobile for the first time. There may also be a few remaining established households who will rise from a state of poverty over the next few years and make their first new car purchase. The interaction of all of these factors have led market experts to estimate that nearly 10 million passenger-car units will roll from domestic production lines by 1970.¹¹

The sheer quantity of automobiles being sold is not the only optimistic sign in the industry. Options are also a profitable business for automobile

¹¹"The Auto Industry's Road Ahead," Fortune, Vol. LXXI (June, 1965), p. 137.

manufacturers and a wide range of accessory items are becoming more and more popular each year. While the industry was breaking records in car production, it also discovered that its V-8 engine was becoming increasingly successful. In 1961, for example, only 53% of the passenger cars sold boasted V-8 engines but, by 1964, nearly 69% of the units in the model run were equipped with the V-8.¹² During the 1965 model run, 80.7% of all cars built were equipped with automatic transmissions compared with only 74.2% in 1962. Even air conditioning, a relatively expensive option, showed great gains by being included in 23.3% of the cars built in 1965 as compared to only 17.9% a year earlier and industry predictions are that 50% of the cars produced in 1970 will have air conditioning. In fact, all of the traditional automotive options, as well as a host of new ones, have been experiencing greater popularity each year and this trend provides added profits for the manufacturer. For example, the addition of air conditioning, radio, power brakes and steering, and a non-slip

¹²"1964 Model U.S. Car Production Sets New Record as V-8 Demand Continues Gain," Ward's 1965 Automotive Yearbook, Twenty-seventh Yearbook of Ward's Automotive Reports (Detroit, Mich: Powers & Co., 1965), p. 35.

differential to the cost of a medium-priced car can raise the price as much as 30%.¹³

Marketing

The state of the automotive market is very important to the development of new products by domestic manufacturers for it is only in an affluent economy where cars have ceased to become merely transportation and begun to serve as a psychological satisfaction that an automobile company can consider the introduction of products which do not adhere strictly to the traditional market segmentation by price groups which has long characterized the industry. Less than a decade ago, automotive brands were fairly well segmented into low-, medium-, and high-priced products, but product proliferation began to put an end to the relatively simple price group segmentation in the early 1960's when market experts discovered the markets for compact and intermediate cars. The result was a broad overlap among the price ranges of various brands. Nevertheless, it was the need for lower-priced

¹³"Prestige Car Production Shows Big Gains in 1965," Ward's 1966 Automotive Yearbook, Twenty-eighth Yearbook of Ward's Automotive Reports (Detroit, Mich.: Powers & Co., 1966), pp. 120-124.

cars in a marketplace facing a recession which prompted the introduction of these new automobiles and the market segmentation was still made primarily on the basis of price groups in keeping with industry tradition. As soon as the Sputnik scare had subsided and confidence in the economy was renewed, however, the trend turned away from the compact car toward the luxury and top-of-the-line models. Partly as a result of increased optimism among automotive executives and partly as an attempt to satisfy newly-developed consumer desires for options in various combinations, product planners began to make preliminary market adjustments by increasing their product offerings through the addition of various accessories to present models in order to create new ones. Performance items such as bucket seats, four-speed manual transmissions, and options such as additional trim, more expensive interior fabric, and power-operated convenience and comfort accessories were included as standard equipment on others in an effort to satisfy as many consumer groups as possible. Including engine, transmission, body style and luxury items, the three primary automobile producers in the United States offered more than 400 product varieties in 1965.¹⁴ With the onslaught of new options, an assembly plant can be run a full year

¹⁴Fortune, Vol. LXXI (June, 1965), p. 139.

without turning out two cars exactly alike.¹⁵

During this evolution of the option-laden passenger car, a new breed of automobile began to experience the taste of success. The new element in the automobile market was the creation of a car with a "personality" which was meaningful in terms of the lives of potential buyers.¹⁶ This "specialty" car originated when Chevrolet introduced its Corvette and Ford founded the Thunderbird during the early 1950's, but it earned its major acceptance with the introduction of the Ford Mustang in 1964. By the end of 1966, ten specialty cars were on the market with prices ranging from below \$2500 for the Plymouth Barracuda to well above \$5000 for Cadillac's Eldorado.

As indicated by the wide range of prices, cost is not the distinguishing factor for the specialty car, although it is certainly a limitation in the higher-priced, luxury sports car segment of the specialty-car spectrum. It is the specialty automobile's youthful personality created through distinctive styling which serves as the common denominator for products in this group and provides the owner with personal satisfaction. As the former general manager

¹⁵Printer's Ink, July 9, 1965, p. 11.

¹⁶Ibid., p. 10.

at Buick, Edward Rollert, explains, "You can sell a young car to a young man and a younger car to an old man, but you can't sell an old car to anybody".¹⁷ The teen-agers are not necessarily buying these cars themselves, but they do have the ability to set the styles in today's market. The nation has become youth-oriented which means performance-oriented to the automobile marketer. Not so long ago, middle-aged people reacted to the products in the marketplace differently than the young people, but recently the two age groups have been reacting similarly to the same kinds of merchandise, especially cars.¹⁸ The list of youthful automotive options has been long for a number of years, but they were usually offered on a car which had no particular styling distinctiveness. The specialty car finally offered the buyer an opportunity to build the kind of car which best suited him by offering a wide range of options in a distinctively-styled automobile.

Future marketing strategies in the industry promise to be much more complicated providing this trend toward product proliferation continues. The larger automobile manufacturers, especially General Motors, earned their dominant market shares on the basis of historic

¹⁷Ibid., p. 11.

¹⁸Ibid.

price segmentation and it has proven nearly impossible to displace them by competing on a model-for-model basis in the various price ranges. However, the success of the Mustang serves as evidence that a somewhat smaller manufacturer can often enjoy the greatest success by offering a product that General Motors does not provide. An intensification of product proliferation may well serve as the means through which Ford, Chrysler, and even American Motors executives plot to capture a portion of the GM market share in the future. In turn, General Motors will be forced more and more into the proliferation race in order to maintain its competitive advantage. Now that the automobile manufacturers are committed to finding new market segments and the threat of competition capitalizing on a new model entered in a freshly discovered segment of the market is increasingly present, marketing strategy in the industry will have to become more dynamic and creative than it has been in the past.

Advertising

The strategy of an automotive advertising campaign is determined by the car's features, market share, and, of course, potential prospects just as it is for any product category, but it must be handled with greater care than much of the copy prepared in other

fields because the purchase of the car strongly involves the customer, both psychologically and financially. As long ago as 1957, research conducted by social scientists at the Chicago Tribune provided evidence suggesting that an automobile meant more to the buyer than a mere means of transportation. It was the customer's way of visibly expressing his self-image to those around him by establishing his status in the social structure and projecting his concept of his own personality.¹⁹ As the social structure in the United States becomes more complex and impersonal, a man's car is increasingly becoming the only medium through which he can rapidly convey his identity to his acquaintances. The car in which he arrives informs those around him that he has a certain kind of personality or enjoys a certain measure of success and this satisfies a very important social need for the buyer.

Traditionally, the more successful automobiles of a model year have been nearly identical mechanically and very similar in styling. Consequently, the task before the automotive copywriter has been one of differentiating the product on a subjective basis through advertising. The objective was the evolution of a product image which was as broad as possible so that it could successfully include a large number of

¹⁹Pierre Martineau, Motivation in Advertising (New York: McGraw-Hill, 1957), p. 67.

adjacent, or similar, consumer groups and narrow enough so that the image did not overextend itself and become meaningless.²⁰ With the advent of product proliferation in the industry, the burden of establishing the automobile's image should become an easier task for advertisers. In the first place, styling and optional equipment variations among different brands competing for different market segments will make automobiles more distinctive and, consequently, product differences and "personalities" will be easier to project to the buyer. Secondly, the market segments to which the new models will be designed to appeal will become narrower and more homogeneous than they have been in the past so that it will no longer be necessary to attempt to extend a product image that will satisfy a wide array of different consumer-types. Automobile advertising will still be responsible for establishing an image which is more attractive than those projected by cars competing directly in the same market segment, but it can be more precise. Perhaps the trend to product proliferation and the development of models which appeal to specific consumer groups will ultimately result in the creation of better automotive advertising

²⁰Ibid., p. 78.

which does not rely on the broad generalizations and nebulous adjectives which have resulted throughout the industry from attempts to create an image which would attract large, heterogeneous segments of the market.

Marketing and advertising strategists in the automobile business must also be concerned with the limitations of mass-media advertising. By the time the customer arrives at his local dealer's lot to purchase a new car, he has already been pre-sold as evidenced by the relatively constant rate of sales throughout the country. If the dealer was the important factor in the sale, there would be great variations in the success of a brand from one geographical location to another depending upon the quality of the dealer.²¹ The job of pre-selling, however, is not accomplished by the mass-media campaign alone. As Dr. Ernest Dichter, president of the Institute for Motivational Research, explains:

A typical new car prospect, his desire stimulated by mass media advertising, or a neighbor's new car purchase, or some random impression that 'it's time for a new car', does not simply report to his local dealer and hand over his money. He must first obtain more comprehensive information to help him make a choice, and having then made a tentative choice, he must reassure himself that his choice was the right one. He has to talk to somebody.²²

²¹Ibid., p. 69.

²²Ernest Dichter, "Formal Advertising versus Personal Influence," Speech given before guests of CAR & DRIVER magazine luncheon, Detroit, Michigan, June 9, 1966.

According to Dichter's own research and his investigation of the studies of noted market investigators, the first step in the automotive selling process is the awareness stage for which mass-media advertising is primarily responsible. Secondly, the consumer must begin to develop an interest in the product and, again, the job must be undertaken by the mass-media campaign. If the consumer believes that he is being personally addressed as an individual, as a person with specific needs or desires, the message may be able to arouse the necessary interest. Finally, the average consumer narrows his choice to two or three specific makes and models. If he has had satisfactory experience with his present car, he is likely to be somewhat predisposed to that make. In any case, he must find some way to evaluate the relative merits of these brands which he has chosen as possible alternatives so he turns to the interpersonal influencer in order to test the social reality of his own conclusions about the economic and psychological consequences of his alternative choices. These influencers are generally friends, relatives, and business associates who have become known for their experience and interest in automobiles.²³

The influencer gets his satisfaction from pride in his ability to discuss automobiles intelligently. He finds in these conversations

²³Ernest Dichter, "Who are the Real Car Salesmen," (unpublished research report, Institute of Motivational Research, 1966), pp. 6-9.

confirmation of his own worth and status as an authority.²⁴ Consequently, he is constantly seeking factual information to supplement his knowledge and interest in the field, often through the careful reading of magazines which cater especially to those with a large appetite for automotive facts and figures. The quest for a knowledge of cars has boosted the highly successful Hot Rod automotive magazine to a monthly circulation of 770,000 car enthusiasts and it has become the most read magazine in the United States with more than twelve readers seeing each copy. Another automotive magazine, Motor Trend, is close behind with a monthly circulation of 500,000 and 9.02 readers for each copy.²⁵

As product proliferation increases in the industry, the influencers and the magazines which attract them will be of great importance to media strategists. Influencers will play an important part in the development of the image which the automobile marketer is attempting to project through the mass-media campaign. Before making his purchase, the consumer can be expected to test his perception of the new model's "personality" with members of his peer group who can provide an authoritative opinion. It is the responsibility of the advertising strategist to see that these influencers are kept well-informed of the physical attributes and psychological rewards connected with his product by making optimum use of advertising space in these automotive magazines.

²⁴Ibid., p. 28.

²⁵"Rich on Wheels, " Time, June 24, 1966, p. 98.

CHAPTER II

GENERAL MOTORS

Marketing

The giant of the automobile industry, or any industry for that matter, is General Motors. In 1965, the corporation became the first company in history to rise past the \$20 billion mark in sales and the \$2 billion mark in profits.¹ It had its beginnings early in the century when William Durant of Buick Motor Works began building his dream of extending his product line through consolidation and integration with other automobile manufacturers and suppliers of component parts.

Mr. Durant incorporated the General Motors Company on September 16, 1908. Into it he brought first Buick, on October 1, 1908; then Olds, on the following November 12, and then, in 1909, Oakland and Cadillac. The old companies retained their corporate and independent operating identities in the new one, which was a holding company -- that is, central office surrounded by autonomously operating satellites. . . . Of the automobile companies, only four, Buick, Olds (now Oldsmobile), Oakland (now Pontiac), and Cadillac, were to have a permanent place--first as companies, later as divisions in the evolution of the corporation.²

¹Annual Report of General Motors Corporation for the Year Ending December 31, 1965 (Detroit: General Motors, 1966), p. 36.

²Alfred P. Sloan, Jr., My Years with General Motors, ed. John McDonald with Catherine Stevens (Garden City: Doubleday & Company, Inc., 1964), p. 5.

A key to the success of this giant enterprise lies in the delicate balance of autonomy and centralized control which threads through the corporate automotive divisions. There is, of course, centralized authority and administration through corporate committees superimposed on the semi-autonomous divisions. The nexus of control consists of three top policy-making committees, nine key policy group committees covering various functions, and a thorough system of day-to-day financial checks on the activities of every division. On the other hand, a divisional manager is pretty much given his head with a broad yearly budget for advertising, research, and engineering, but he must account for his expenditures and market position periodically.³ He makes the final decisions on what products to sell only after the corporation provides him with such an abundance of precise information that the best conclusion is usually evident.⁴

Originally General Motors planned to avoid competition between brands in the automotive field. The initial price classes covered by various brands under the corporation's domain were established in 1921 with the Chevrolet occupying the low-priced market and followed in ascending order by the Oakland, Buick 4, Buick 6, Olds, and Cadillac. The

³"What Makes GM Go, " Dun's Review and Modern Industry, Vol. LXXXII (September, 1963), pp. 30-31.

⁴"The Flexible World of GM's Planning, " Business Week, October 5, 1963, p. 136.

pioneer planners of the corporate scheme decided that they should place their products at the top of each price range and build them of such quality that sales would be attracted from below that price, selling to customers who might be willing to pay a little more for the additional quality, and from above the price, selling to those of higher-priced competition.⁵ However, today the divisions of General Motors overlap a great deal. The lower-priced Chevrolet, for example, has expanded its product offering well into the price range of standard Pontiac, Buick, and Oldsmobile models. At the same time, the Buick, Pontiac, and Oldsmobile models overlap with the Cadillac spectrum. Consequently, there has been considerable competition among the several divisions operated by the corporation. In fact, most of the personnel connected with GM readily admit that there is an intense desire among divisions to outdo the others, even if it is necessary to capture part of the market from their corporate relatives. Interestingly, the corporation wants it that way.⁶

In an attempt to meet the needs of an automobile market which was rapidly becoming more segmented, the corporation offered 176 passenger car models in 1965, the broadest line in its history. GM customers

⁵Sloan, 67.

⁶Business Week, October 5, 1963, p. 137.

could choose from among five Chevrolet lines, two Pontiac lines, three Buick lines, and Cadillac. Including the low-priced, imported Opel Kadett, General Motors markets an automobile in every price group from \$1,644 to \$10,456 for a Cadillac limousine.⁷ The addition of models has been based largely on the compact and intermediate-size cars which were new products based largely on price considerations brought about by the recession of the late 1950's. This was sound marketing strategy at the time for it resulted in the creation of several relatively inexpensive, economical automobiles which adequately filled a consumer need.

However, when customer behavior patterns began to change in 1960 and the renewing sales of various combinations of optional equipment began to suggest that the buyer was attempting to "personalize" his car, GM reacted to the trend by adding more accessory items to present models rather than developing new products. For example, when the market for a relatively low-priced sports car became evident, bucket seats, a larger engine, and a four-speed transmission were added to General Motors' compact Chevrolet Corvair which was now forced to serve a dual purpose. The same strategy was utilized for the intermediate and full-size models which were also fitted for duty

⁷Annual Report of General Motors Corporation for the Year Ending December 31, 1965 (Detroit: General Motors, 1966), p. 10.

in the sports-oriented market. Such products were very successful in the short run, primarily because no U.S. manufacturer offered a better alternative. The product strategy, however, was not a strong long-term plan because a full 42% of the market was indicating a desire for more distinctiveness among models.⁸ Consequently, the sales of GM's sports-type substitutes for distinctly-styled products began to fall off dramatically and two of these cars, Corvair's Corsa and Oldsmobile's Starfire, were ultimately dropped from the lineup altogether.

Even after observing the fantastic success of the Mustang, General Motors executives were reluctant to risk the introduction of a competitor for the record-breaking Ford specialty car. The Chevrolet Camaro did not make its entry until the 1967 model year, although it could have been introduced with the 1966 Chevrolet models. Meanwhile, the Mustang had nearly three years to attract a following. Only a few years before, General Motors marketers watched while Ford dominated the luxury sports car market with the Thunderbird for nearly five years before they introduced the Buick in Riviera in 1963.

Success seems to have bred conservatism among GM corporate executives for they would apparently have preferred to avoid product

⁸U. S. New & World Report Marketing Research Division, The Buyers of 1965 Automobiles, A report prepared jointly with Benson & Benson, Inc. (Princeton: Benson & Benson, 1965), p. 30.

proliferation based on cars designed to compete in market segments identified by consumer factors other than income. Having already captured a dominant share of the domestic automobile market, as demonstrated in Table 3, by successfully competing in a market

TABLE 3. -- Percent of new car registrations by U.S. automobile manufacturers.

<u>Manufacturers</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>	<u>1962</u>
General Motors	50.0	49.1	51.0	51.9
Ford Motor Co.	25.5	26.0	24.9	26.3
Chrysler Corp.	14.7	13.8	12.4	9.6
American Motors	3.5	4.7	5.7	6.1

Source: Ward's 1966 Automotive Yearbook.

segmented primarily by price ranges, the job of finding a new strategy to upset the status quo would more logically fall to GM's less successful competitors. The corporation was in a much safer position making market adjustments by adding options rather than risking the expensive failure of a completely new product as long as its sales continued to increase faster than the growth of the market as a whole as they have in the past (Chart 3).. However, the aggressive product strategies

being utilized by the competition will make it increasingly necessary for General Motors to become involved in the risks of greater product proliferation in the future.

Corporate executives modify current models or create new ones through a gradual process initiating with the study of market trends through research, dealer reports, and the judgements of executives.

To understand how GM's product planning really works you have to grasp the curious mixture of competition and cooperation between the corporation and its divisions. It's an elusive eel to grasp, especially because GM prides itself on having no system and apparently never using the same pattern twice.⁹

Sometimes the corporation sets the rules as in 1964 when it was decided that the medium-size car would be superior to the smaller compact. On other occasions, the divisions develop the products on their own with little assistance from the corporation as was the case with Buick's Riviera and Pontiac's Grand Prix.¹⁰ In short, General Motors subscribes to no single method of analyzing the feasibility of new products and developing their marketing strategies.

Patterns of consumer preference among General Motors' customers follow those of automobile buyers as a whole. Like all buyers, GM customers have been purchasing more top-of-the-line models and

⁹Business Week, October 5, 1963, p. 137.

¹⁰Ibid., 138.

ordering more optional equipment than ever before. Automotive air conditioning was ordered on almost 30% of 1965 model GM cars, well above the 22% for 1964. Automatic transmissions were favored by four out of five customers, power steering by two out of three, and power brakes by more than two out of five. All of these options, and many more, increased in sales during 1965.¹¹

Advertising

At the corporate level, GM has two advertising programs -- institutional advertising, which is part of the public relations function and the corporate advertising and research section which is handled, along with marketing, through the General Motors Distribution Section.¹² The institutional advertising program is highly flexible with a budget that varies greatly from year-to-year since allocations are made as specific projects are approved. Generally, these institutional projects have been designed to improve the corporate image over the long run rather than stimulate any immediate action and it has usually not been necessary to key the campaign to specific geographical locations. Consequently, the institutional projects rely heavily on magazines with very little

¹¹Annual Report of General Motors Corporation for the Year Ending December 31, 1965, p. 10.

¹²"GM Marketing Engine Parts Spin Individually," Advertising Age, July 8, 1963, p. 60.

purchase of local newspapers or highly perishable and expensive broadcast mediums. For example, during the onslaught of criticism of the safety features in automobiles, the institutional advertising office of the public relations department launched a multi-million dollar magazine campaign carrying an automotive safety message.¹³

The corporate advertising and research section is responsible, among other things, for measuring 150 advertising goals for 11 marketing divisions including the GM automotive interests. The philosophy at the corporation holds that sales should not be the only criterion for measuring the effectiveness of advertising. As Gail Smith, former director of advertising and market research for the giant automobile manufacturer, explained:

At this stage . . . we believe that the concept of measuring advertising effect in terms of sales could be, in the final analysis, self-defeating. No one denies that the ultimate objective of advertising is to raise the level of preference for a product and, hopefully to reap a benefit in terms of increased sales, but it does not necessarily follow that sales figures constitute a measure of advertising.¹⁴

The current sales figures at the corporation do not provide an adequate yardstick for measuring advertising performance because of the great number of other variables in the marketing mix that also make a con-

¹³"'Advertising Age' Presents Marketing Reports of the 125 Largest National Advertisers," Advertising Age, August 29, 1966, p. 122.

¹⁴Gail Smith, "How GM Measures Ad Effectiveness," Printer's Ink, May 14, 1965, p. 19.

tribution to the final sale. For example, in the automobile business the styling of the product changes annually and styling has been shown in a number of research studies to be among the most important factors influencing the purchase of a given brand. Publicity can also be expected to play an important role in the consumer's decision to purchase a given brand because the relatively high cost of the product is likely to put the potential customer on the lookout for the opinions of others. Long delivery dates caused by strikes and other factors within the automobile corporation can often result in the loss of sales. All of the elements in the marketing mix including price, product planning, servicing, delivery, and advertising as well as conditions in the economy and the strategies of competitors interact to determine the success of any automobile. Therefore, since advertising is not the only variable affecting automotive sales, sales do not provide an adequate single measure of advertising effectiveness.

In measuring advertising effectiveness, General Motors subscribes to the principles outlined by the Association of National Advertisers' study "Defining Advertising Goals for Measured Advertising Results".¹⁵ The established advertising goal must provide a benchmark against which the corporation can isolate and measure its success in terms

¹⁵Ibid.

of a specific communication task. In this manner, the advertising function can best be isolated from other marketing factors affecting sales for proper analysis and modification. If the campaign achieves its communication objective by reaching a certain number of people in its target audience and implanting a certain favorable impression concerning the product, GM executives conclude that advertising has been effective. The technique is admittedly imperfect since favorable impressions alone do not contribute to corporate profits. However, General Motors researchers have been making use of one of the more reliable measures of advertising effectiveness short of turning to the sale of cars through mail order advertising where there is a direct relationship between the advertisement and the sale. This is, of course, impossible.

The importance placed on the GM program for measuring the success of media, copy, and art is known only to those working with General Motors advertising accounts, but the available evidence suggests that the corporation has at least settled on what they consider to be an optimum media mix. As Table 4 indicates, estimates of the advertising allocation to various media have remained pretty much the same in 1965 as they were in 1964, with variations due largely

to increases in media rates.¹⁶ Only farm publications used exclusively by Chevrolet, and network television appear to have been subjected to budget reductions in 1965 and, basically, the media mix has remained the same for several years. The print media

TABLE 4. -- General Motors' estimated advertising expenditure in various media

<u>Medium</u>	<u>1965</u>	<u>1964</u>
Magazines	\$ 48,124,141	\$ 45,861,192
Newspapers	43,852,199	41,266,990
Network TV	28,327,500	31,023,400
Spot Radio	13,709,000	10,734,000
Network Radio	6,570,000	6,067,000
Business Publications	4,889,600	3,246,500
Farm Publications	886,059	1,053,664
Total Measured	\$148,003,459	\$151,156,442

Source: "Reprinted with permission from the August 29, 1966 issue of ADVERTISING AGE. Copyright 1966 by Advertising Publications, Inc."

¹⁶"'Advertising Age' Presents Marketing Reports of the 100 Largest Advertisers," Advertising Age, August 31, 1964, p. 112.

seem to be the most popular with corporate and divisional executives for, with the exception of Chevrolet, the automotive divisional budgets were allocated so that more than 50% of the advertising money was spent on magazines and newspapers combined. Apparently, corporate advertising personnel prefer the social selectivity of magazines and the geographical selectivity of newspapers which permit them to tailor the campaign to regional and social-class variations in model preferences to the less selective network broadcast mediums. Regional selectivity also seems to have been of importance in the use of radio because spot radio received an allocation which was more than twice as large as the one provided for network radio. Finally, the fact that network television allocations were reduced for every automotive division in 1965 suggests that there may have been a disenchantment with this costly medium, perhaps because it offers almost no selectivity at all.

In theory, General Motors executives have always believed that sales generate more sales so they have increased the advertising budget in a direct relation to the sales curve.¹⁷ Recently, however, corporate executives have been steadily reducing the advertising expenditures as

¹⁷Ibid.

a percentage of sales, as Table 5 indicates. In 1959, for example, advertising expenses were estimated at 1.4% of the corporation's total sales revenue. By 1965, the ratio was only 0.8% with sales

TABLE 5. -- General Motors' domestic advertising expenditure as a percentage of sales

<u>Year</u>	<u>Estimated advertising expenditure</u>	<u>Advertising as per cent of sales</u>
1959	\$155,000,000	1.4%
1963	160,000,000	1.0
1964	171,156,000	1.0
1965	173,000,000	0.8

Source: "Reprinted with permission from various issues of ADVERTISING AGE. Copyright 1960, 1964, 1965, and 1966 by Advertising Publications, Inc."

continuing to rise to record heights during the six-year interval. The increases in the total budget during this period were again, largely attributable to the rise of time and space costs. Undoubtedly, the stability of the budget as well as the consistency of the media mix over the past few years were, at least partially, the result of management conviction that they had reached an optimum strategy on the basis of the findings of the advertising effectiveness program. However, the

nature of these findings remain among the many well-kept secrets at the corporation.

The automobile divisions, with some overlap, each have their own advertising agencies which are directly responsible to them. Those outside firms used by General Motors in connection with its automotive interests are as follows:

General Motors	
Institutional Advertising	MacManus, John & Adams, Inc. D. P. Brother & Company
Chevrolet	Campbell-Ewald Company
Pontiac	MacManus, John & Adams, Inc.
Oldsmobile	D. P. Brother & Company
Buick	McCann-Erickson, Inc.
Cadillac	MacManus, John & Adams, Inc.

Of course, each of these agencies develops its own program of copy and media strategy for the division to which it is responsible, with a common adherence only to broad guidelines set forth by the corporation. However, the corporate advertising department supervises the master media contract for all of the purchases made by agencies directly and indirectly under the General Motors domain. Through this program, the corporation is able to take maximum advantage of

media frequency discounts by combining the time and space buys of every division and applying for the optimum rate.¹⁸ The only actual advertising handled by the corporate department is the \$4,000,000 Guardian Maintenance Program for the service and parts section which has no advertising department of its own.¹⁹

¹⁸Interview with Mr. Gregory Moffitt, Assistant Account Executive, D. P. Brother & Company, September 21, 1966.

¹⁹Advertising Age, July 8, 1963, p. 60.

CHAPTER III

OLDSMOBILE

Marketing

At Oldsmobile, marketing and advertising are both functions of sales just as they are throughout General Motors Corporation. Consequently, the market analysis department, as well as the field sales force, reports directly to the assistant general sales manager. As the department title suggests, its primary function is the analysis of the automobile market rather than conducting primary research which is farmed out under the responsibility of the market analysis manager.¹

Oldsmobile marketing strategists have long cultivated a reputation for introducing new features well ahead of the competition and over the years the products they have marketed imply that they are intent on maintaining this reputation. Back in 1896, Ransom Eli Olds built his first gasoline automobile; a two-seat, four-passenger vehicle. By 1899, under the financial wing of copper millionaire S. L. Smith,

¹Interview with Mr. R. C. Flanders, Market Analysis Manager, Oldsmobile Division, General Motors, October 17, 1966.

Olds began production of an automobile which he hoped to sell for \$1,250 from his factory, the Olds Motor Works, in Lansing, Michigan. However, he later wrote:

It was our plan at that time to put out a model that would sell for \$1250. I had fitted it up with some very up-to-the-minute improvements -- pneumatic clutch, cushion tires and electric push button starter. We thought we had quite a car, but we soon found that it was too complicated for the public. The first year we ran behind \$80,000.²

Clearly, Oldsmobile was an innovative product in the beginning. In fact, it was so advanced that it proved too complicated and expensive for the prospective customer. Therefore, Olds turned to the "curve-dash" runabout in 1901 and it made its entry as the first mass-produced, gasoline-powered vehicle in the world.³ Since that time, Oldsmobile product planners have attempted to perpetuate this image by introducing a long list of "firsts" on their models. The division has earned the credit for the first automatic choke, first fully automatic transmission, and the first printed-circuit instrument panel. The company was also first with nickel and, later, chromium plating for trim, the four-door hardtop, the high-compression engine, and the turbo charged V-8.⁴

²Frank Donovan, Wheels for a Nation (New York: Thomas Y. Crowell Co., 1965), p. 62.

³Ibid.

⁴"Oldsmobile Puts Itself Back in the Race," Business Week, March 12, 1966, p. 132.

In the past, Oldsmobile's image and reputation had apparently been making its contribution to the division's success. As Table 6 indicates, Oldsmobile was second only to Pontiac in its percent of

TABLE 6. -- Percent of industry new car registrations by makes for "medium-priced" cars

<u>Division</u>	<u>1964</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>	<u>1960</u>
Oldsmobile	6.4%	6.3%	6.4%	5.6%	5.4%
Pontiac	8.5	8.0	7.6	6.4	6.1
Buick	6.0	6.0	5.8	5.0	4.1
Mercury	3.8	3.8	4.6	5.3	4.7
Dodge	5.7	5.0	3.4	3.9	5.4

Source: Ward's 1966 Automotive Yearbook.

new car registrations among the traditionally medium-priced automobiles for the calendar years of the recent past. In addition, Oldsmobile increased its market share indicating that its sales were rising faster than the expansion of the automobile market as a whole during each of the past four years except 1963. This remained true through 1964 in spite of the onslaught of more expensive models which were being introduced by makers of traditionally low-priced cars who were attempting to capitalize on the demand for automobiles fitted with an abundance of optional equipment. During 1964, the division's sales

were 6.3% ahead of the previous year and the intermediate-size F-85 continued its sales growth with a 38.5% increase over 1963.⁵

Oldsmobile has also been successful in keeping its customers. One major study, for example, found that in 1964 and 1965, the division was second only to Chevrolet in percent of brand loyalty with 44.5%.⁶

In accord with the industry as a whole, Oldsmobile's top-of-the-line, option-laden models in all price ranges have been experiencing greater success than the basic models. As Table 7 indicates, the

TABLE 7. -- Sales trends for Oldsmobile's individual models.

<u>Model</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
Jetstar 88	62,000	78,600	--
Dynamic 88	119,500	150,300	182,600
Delta 88	90,500	37,500	--
Starfire	15,300	16,200	25,500
Ninety-Eight	92,700	68,800	70,300
Station Wagon	--	17,300	20,600
Deluxe (F-85)	58,900	56,200	88,600
Cutlass (F-85)	85,200	64,400	--
Station Wagon (F-85)	14,300	14,600	10,100
Vista Cruiser (F-85)	31,900	14,000	--

Source: Ward's Automotive Yearbooks.

⁵"Oldsmobile," Ward's 1965 Automotive Yearbook, Twenty-seventh Yearbook of Ward's Automotive Reports (Detroit, Mich: Powers and Co., Inc. 1966), p. 95.

⁶Alfred Politz Research, Inc., National Automobile and Tire Survey, A report sponsored by LOOK magazine (New York: Cowles Magazines & Broadcasting, Inc., 1965), p. 39.

relatively unadorned Dynamic 88, while still the largest selling model in the line, has been declining in popularity as evidenced by its loss of sales in an expanding marketplace during the past three years. The more luxurious Delta 88, on the other hand, more than doubled its sales in 1965 over the previous year. Similarly, the sales of the top-line "98" models are exhibiting healthy growth trends.

In the smaller wheelbase F-85 series, the top-of-the-line Cutlass is increasing its popularity while the lower-priced Deluxe series is showing a downward sales trend. Even the family utility vehicle, the station wagon, has been affected by rising consumer preferences for luxury options. Sales for the standard F-85 station wagon showed a tendency to fall off in 1965 over 1964, but F-85's more luxurious Vista-Cruiser station wagon more than doubled in sales during the same period.

Advertising

The advertising department at Oldsmobile, like the marketing functions, report ultimately to the general sales manager. The two-man advertising department is part of a new marketing office headed by the assistant general sales manager in charge of marketing

who is one of three assistants reporting to the general sales manager. The responsibilities of this group encompass customer relations and general merchandising as well as advertising.⁷ Internal advertising functions at Oldsmobile do not include production, research, media, or copy, and all of the point-of-purchase material is prepared by outside firms on a bid basis and coordinated through the division.⁸ In addition to coordination, Oldsmobile's internal advertising operation is responsible for dealer information and product promotion in the form of fact books and suggestions for the dealers. Both the department and the advertising agency make a contribution to this portion of the campaign. The divisional advertising personnel play a vital role in the evaluation and approval of the agency-created campaign for the year. Oldsmobile's Detroit-based advertising agency, D. P. Brother & Company, works very closely with the division's own advertising manager in determining strategy. Subsequent approval, however, must come from the assistant general sales manager, the sales manager, the divisional head, and finally from the General Motor's corporate level.⁹

⁷Advertising Age, July 8, 1963, p. 64.

⁸Interview with Mr. L. H. Witter, Advertising Manager, Oldsmobile Division of General Motors, October 17, 1966.

⁹Interview with Mr. Val Corradi, Account Executive, D. P. Brother & Company, September 21, 1966.

According to estimates of the General Motors' advertising budget allocation presented in Table 8, Oldsmobile commands the second largest budget among the five corporate automobile divisions at

TABLE 8. -- Estimates of General Motors' 1966 advertising budgets for its automobile divisions

<u>Division</u>	<u>Estimated Advertising Budget</u>
Chevrolet	\$62,732,194
Oldsmobile	18,769,950
Pontiac	18,417,429
Buick	16,138,174
Cadillac	9,000,000

Source: "Reprinted with permission from the August 29, issue of ADVERTISING AGE. Copyright 1966 by Advertising Publications, Inc.

\$18,769,950. Only the largest selling of General Motors passenger cars, Chevrolet, received a larger allocation in 1965.

Oldsmobile has had no co-op program to share the cost of advertising with dealers since the mid-1950's. Instead, D. P. Brother & Company provides the creative and production services with which the dealer can coordinate his own promotional program with the mass media

campaign. Television footage of the Oldsmobile products, radio commercials, movie theatre trailers, color slides, merchandising newspaper mats and layout ideas for each of the year's seasonal campaigns, and newspaper advertisements with the dealer's name selected and paid for by Oldsmobile -- all mark the division's effort to help the dealer help himself. However, in terms of sharing costs with the dealer, the only program in which the division participates is the Oldsmobile customer magazine, Rocket Circle. There is a "Rocket Circle box" on each new car delivery card which the dealer checks to add another Oldsmobile customer to the list of more than one million readers.¹⁰

D. P. Brother & Company plans and executes four seasonal campaigns a year. First of all, of course, the announcement campaign to introduce the new models makes its debut. Next, as winter sets in, the campaign emphasizes a January-February-March Sale. The third phase of the year's advertising schedule deals with a Spring Sale and, finally, a Year-end Sale wraps up the model year through the first part of October.

The purpose of such seasonal campaigns is not merely to lend variety to the content of the advertising copy. As Table 9 indicates,

¹⁰Interview, Moffitt.

certain seasonal fluctuations appear in the automobile market with yearly regularity. Sales for the past three years, for example, show a consistency in their tendency to fluctuate from a relatively low volume during the winter months to a more successful spring. Then,

TABLE 9. -- Seasonal fluctuations in automobile sales

<u>Months</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
January-February	1,572,728	1,407,238	1,278,088
March-April	1,818,342	1,504,390	1,343,269
August-September	785,920	819,210	649,606
November-December	1,792,285	1,563,508	1,563,508

Source: Automotive Manufacturers Association.

apparently in anticipation of the new models, the consumer drastically reduces his disposition to purchase in the early fall only to renew excitement as the new automobiles appear on the market in the latter part of the year. These are the trends to which the seasonal campaigns address themselves in order to make short term adjustments to the marketplace within the model year.

The activities and preparation for the 1966 year-end campaign are typical of the activities undertaken four times each year. The 1966

Y. E. S. or Year End Savings Campaign included both nationally scheduled media buys and dealer suggestions and materials for optimum coordination, locally.

Nationally, media purchases were tailored to the geographical markets through an extensive use of newspaper advertising. The copy emphasized the special buys that the potential customer could expect to find at his local Oldsmobile dealership. In addition, every radio commercial during this promotion was also tuned to the Y. E. S. theme. New car prospects were exposed to the message on the Walter Cronkite CBS-Radio newscast and used-car prospects heard about the sale on Frank Gifford's CBS-Radio sportscast. Commercials were also aired during prime traffic hours for many weeks and during weekends. In all, Oldsmobile used over 1400 stations to blanket every major market in the country. Finally, network television viewers were told about the year-end savings at Oldsmobile through commercials on the Walter Cronkite Evening News over 210 CBS television stations and more than 50 million people saw Y. E. S. commercials on the September 10th Miss America Pageant telecast.

Locally, a host of merchandising materials were made available to Oldsmobile dealers at little or no cost so that they could coordinate

their own promotion with the national efforts. A promotional package containing nine different suggested new car advertisements including the mats for various-sized Y. E. S. logotypes was distributed to Oldsmobile dealers to encourage them to follow through with their own advertising programs. The illustrations used in the suggested layouts had already been made available to the dealer through Oldsmobiles "Ad Builder" package earlier in the year. Consequently, all that the local newspaper had to do was set the type for the body copy, insert the local dealer's name, and handle the color where the layout called for the supplied logotype to appear in color. No local creative work was necessary except to adjust details on the specific models in dealer stock.

The local use of broadcast media which was coordinated with the national campaign was encouraged by offering four suggested sixty-second radio spots and eight twenty-second commercials promoting the Y. E. S. message over locally-prepared slides of the dealer's own stock plus suggestions for scripts were made available to Oldsmobile dealers to encourage them to run their own television commercials. In addition, film footage of 1965 models which could be edited to fit the specific needs of each dealer was provided to help him promote his used cars during this campaign.

Four new thirty-second movie trailers informing theatre audiences of Oldsmobile's "Value-Rated" used car program and building confidence in the dealer were added to a host of trailers promoting new and used cars previously made available. A combination of cleanup window trim and lot decorations to tell local customers about the Y. E. S. campaign included price stickers for windshields, windshield posters, and eight-piece window trim kits to help the dealer coordinate his point-of-sale promotion with the media campaign. All of these services were supplied to the dealer at no production or creative cost to him except to make minor copy adjustments to tailor the message to a specific outlet. Basically, however, local time and space costs were the only expenditures made by the dealer in the campaign.

The dealer program conceived by D. P. Brother & Company has a number of advantages. It provides a service to the dealers which, if properly utilized, insures that there will be coordination between the national campaign and local advertising in all media, and it encourages the dealer to increase his advertising by absorbing production costs and providing ideas. Finally, the program offers an alternative to a cooperative program which shares a percentage of

the actual time and space costs with the dealer. Such programs always demand a great deal of accounting time and the company invariably becomes the victim of a host of schemes designed by both retailers and local newspapers to appropriate funds to which they are not entitled by the terms of the contract.

Unfortunately, Oldsmobile advertisers have not taken advantage of this program to upgrade dealer advertising. Historically, local advertisements for automobiles have been characterized by a layout bulging with assorted models, with no particular theme to draw them into a meaningful advertisement and those that Oldsmobile advertisers suggest for dealer use have been no exception. One such advertisement which the dealer idea booklet for the Y. E. S. campaign suggested included no less than thirty-two copy blocks for different models. Another, designed for selling used cars for dealers, used headings over its ten copy blocks including such tired automotive words as "Clean", "Terms", and even "Cream Puff". Disregarding taste and creativity, such suggested advertisements were just like the advertising being run by every other dealer in the country and they failed to differentiate the brand and the dealership from competing brands and dealerships.

Apparently in response to this need to differentiate the dealership, some of the suggestions made in the Y. E. S. idea booklet for dealers included a photograph of the dealer in the layout. However, instead of casting him as a reliable businessman, the majority of these advertisements made him appear in a role not unlike the circus barker by placing him near a headline proclaiming:

(Dealer Name)

Says: Y. E. S.

I'll Put You In A Brand New '66 Oldsmobile NOW

Automotive advertising such as this has been used for many years by nearly every manufacturer and dealership and it must share the responsibility for perpetuating an image of the dealer as a fast-talking, dishonest salesman to be avoided whenever possible.

The suggested advertisements which Oldsmobile advertisers provided the dealer for selling his used-cars take a step toward differentiating the outlet on the basis of service by referring to the retailer's "Value Rated" used models. However, the copy never informed the reader of the standards, if any, that a car must meet in order to become "Value Rated." The concept of differentiating a given used car

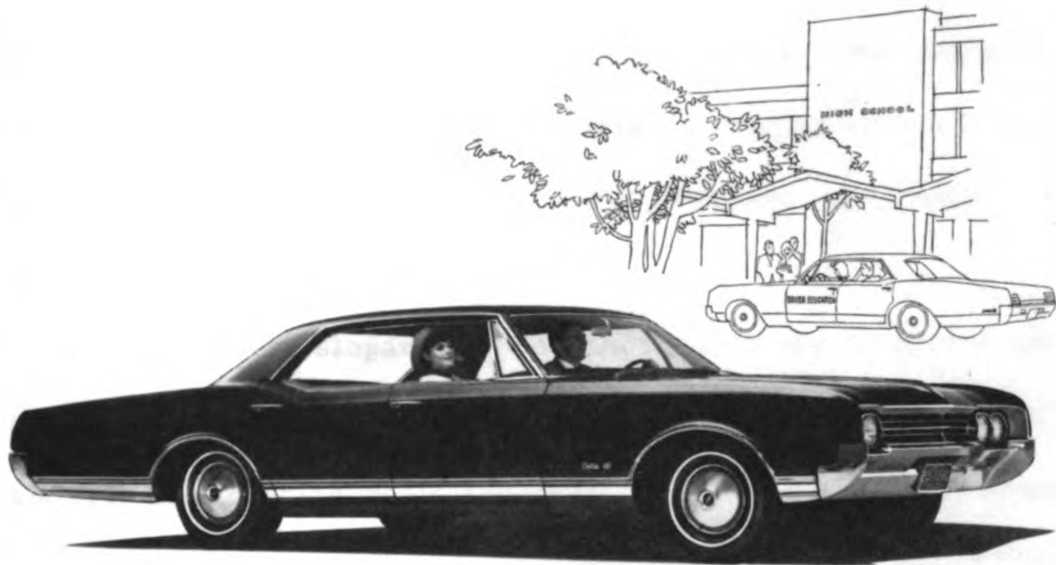
on the lot of an Oldsmobile dealer from a similar model being sold by a competitor is sound only if the potential customer is made aware of the basis for that differentiation.

Although advertising strategies make seasonal adjustments in the program, the layouts for the national media campaign remain similar throughout the year. The advertisement in Figure 1 is an example from Oldsmobile's "Swing Fever" campaign which began on January 3, 1966 in support of the Jetstar, Dynamic and Delta 88. While the overriding theme changed in the seasonal campaign, the basic layout and selling proposition remained essentially the same. The layouts for the 1966 campaign featured one illustrated model over a simple line drawing for newspapers and an uncluttered color scene in magazines. The copy was always very short and the logotype and slogan appearing in the bottom of the advertisement in Figure 1 was common to all print advertisements used in the 1966 national campaign. It read:

Look to Olds for the New!

The slogan had been used in the past and its objective was clearly to capitalize on the division's history of providing its products with innovations. But, like its companion slogan, "Step Out Front . . .

Olds Swing Fever is catching!



TORONADO-INSPIRED
DELTA 88 HOLIDAY SEDAN

(Pass it on!)

Olds Swing Fever got you? Your Olds Dealer has just the cure: A Toronado-inspired Oldsmobile! Choose your own prescription: Elegant Ninety-Eight . . . action-packed 88 . . . low-priced F-85 . . . 40 Rocket Action models in all. And all priced to make waiting downright foolhardy. Feel your temperature rising! That's Swing Fever. Quick! Head for your Olds Dealer's . . . open your mouth and say "yeah!" LOOK TO OLDS FOR THE NEW!



No passing when you see this sign. And when passing is permitted, always check your outside rear-view mirror first. It's among the many standard safety features on every '66 Olds—along with front and rear seat belts, windshield washers, two-speed wipers, safety-pegged visors and instrument panel, and back-up lights.



STEP OUT FRONT
... in a Rocket Action Car!



TORONADO • NINETY-EIGHT • DELTA 88 • DYNAMIC 88 • JETSTAR 88 • CUTLASS • F-85 • VISTA-CRUISER • STARFIRE • 4-4-2

OLDSMOBILE BY 

GREAT TIME TO GO WHERE THE ACTION IS . . . SEE YOUR LOCAL AUTHORIZED OLDSMOBILE QUALITY DEALER TODAY!

(Dealer's Name & Address)

EVERY '66 OLDSMOBILE . . . TORONADO-INSPIRED! DRIVE THEM AT THE OLDSMOBILE DEALERSHIP NEAREST YOU!

Figure 1

in a Rocket Action Car", which also appeared in all 1966 Oldsmobile advertising, it had very little meaning. In the first place, both slogans relied on the reader to recall Oldsmobile's past achievements. Secondly, the reader was never told what looking to Oldsmobile for the new meant to him in terms of his own self-interest. He was not told whether owning a car with a reputation for providing new features meant extra economy, extra value, or extra performance to him.

Actually, these slogans were vague because the division's advertising, like nearly all automotive advertising, was attempting to cast a single image which would appeal to all of the potential customers in the many market segments in which the division marketed cars. In doing so, the campaign for most of Oldsmobile's 1966 models had to avoid making a selective copy appeal to any single consumer group. The headline in Figure 1, for example, did not exclude anyone.

Olds Swing Fever is catching!

Similarly, the body copy also attempted to include everybody who might be in the market for any of the Oldsmobile models.

Olds Swing Fever got you? Your Olds Dealer has just the cure: A Toronado-inspired Oldsmobile! Choose your own prescription: Elegant Ninety-Eight . . . action-packed 88 . . . low-priced F-85 . . . 40 Rocket Action models in all. And all priced to make waiting downright foolhardy. Feel your temperature rising? That's Swing Fever. Quick! Head for your Olds Dealer's . . . open your mouth and say "yeah!"

Obviously, by attempting to include everyone, the copy failed throughout the advertisement to inform the reader of the consumer benefits which he could expect to enjoy if he chose to purchase one of the division's products. Since the buyers of some models want luxury while the purchasers of others want sportiness or economy, the agency's decision to sell the whole line in one advertisement leaves copywriters with no alternative. They must avoid a discussion of consumer benefits and produce a product-oriented message.

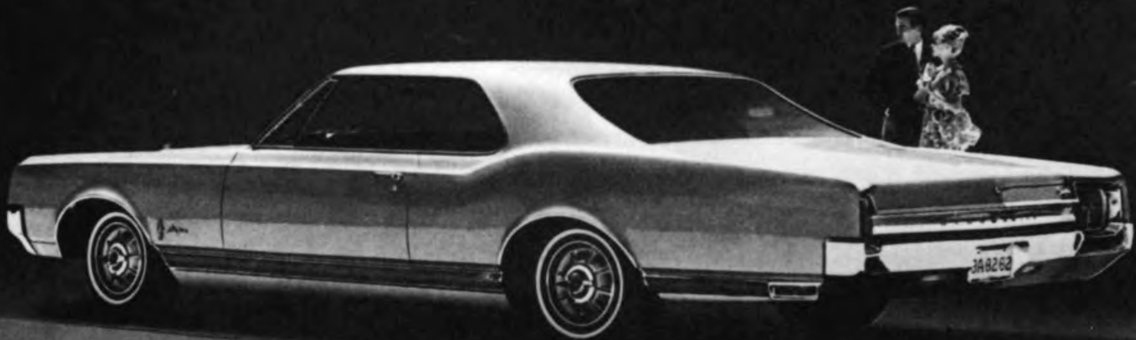
As the advertisement in Figure 2 illustrates, the layouts for the 1965 campaign were exactly like those which were used in 1966. A single model was emphasized over an uncluttered background. The 1965 slogan, "The Rocket Action Car!", was even less clear about the consumer benefits which Oldsmobile models provided than the slogans of the 1966 campaign. On the whole, this campaign was also highly product-oriented, but, as Figure 2 indicates, the agency's

Starfire

Look at it.

A car for just anybody?

Hardly.



Any car can get you places—if you're willing to settle for prosaic, everyday transportation. Well and good. Then why a car with all the extra style and flair standard on Starfire?

- Leather-appointed bucket seats
- Ultra high-compression 370-h.p. V-8
- Console with T-stick Turbo Hydra-Matic or close-ratio 4-speed
- Power steering and power brakes

Why a car with all this? For just anybody? Hardly!
For somebody very special. Like *you*.

'65  **OLDSMOBILE** *The Rocket Action Car!*

Oldsmobile Division • General Motors Corporation

Figure 2

occasional attempts to build an individual "personality" for a model, rather than merely casting it in the vague image of the division, have resulted in advertising with greater selectivity and a better discussion of the consumer benefits which result from owning the model. The headline immediately begins to establish an individual image for the 1965 Oldsmobile Starfire.

Starfire
Look at it.
A car for just anybody?
Hardly.

While the headline failed to indicate exactly for whom the model was designed, it did at least suggest that the car was for those who wished to project an image of individuality or distinctiveness through their automobile purchase. The copy proceeded with this theme.

Any car can get you places -- if you're willing to settle for prosaic, everyday transportation. Well and good. Then why a car with all the style and flair standard on the Starfire?

- Leather-appointed bucket seats
- Ultra high-compression 370-h. p.
- Console with T-stick Turbo Hydra-Matic or close ratio 4-speed
- Power steering and power brakes

Why a car with all this? For just anybody? Hardly! For somebody very special. Like you.

Readers who buy cars just for transportation could be expected to become disenchanted with the advertisement after reading the headline. However, such people are in the minority. For the majority, the list of product features were given some meaning in terms of the consumer benefit which they would provide. Ideally, the advertisement should have been even more specific. However, the development of a model's "personality" based on its own merits has resulted in a narrower, more meaningful image than can be obtained from the agency's more common practice of relying almost completely on a general image for the whole division to sell specific models.

Decline of an Image

In spite of the fact that Oldsmobile's market share has risen over the past several years and its rate of consumer loyalty has been admirable, there are indications that the division's innovative image has been slipping. Oldsmobile executives claimed that research undertaken on Oldsmobile models, presumably studies, found that Oldsmobile was still the name most renowned for "engineering excellence" in 1965.¹¹ However, an independent study found that, of all the buyers of 1965 cars who thought that there was a difference of engineering quality among the various makes of cars, only 5.9%

¹¹Interview, Witter.

felt that Oldsmobile was the best engineered. Only another 5.4% thought that it was even the second best engineered brand on the market. In all, Oldsmobile models ranked seventh among all cars in regard to "engineering leadership" according to this study.¹²

The reaction of buyers to the Oldsmobile models also indicates that the division's image has been diluted. In the first place, the division, which was second only to Chevrolet in production among all GM Divisions in 1958, has not been experiencing the growth that its corporate relatives in roughly the same price range have been enjoying over the past few years. As Table 10a indicates, Pontiac's production increased by a dynamic 2.8% between 1961 and 1965.

TABLE 10a. -- Percent of total automobile production for General Motors' traditionally "middle-priced" cars :

<u>Make</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>	<u>Percent Increase</u>
Pontiac	9.1%	9.1%	8.0%	7.8%	6.3%	2.8%
Oldsmobile	6.7	6.9	6.5	6.7	5.9	0.8
Buick	6.8	6.5	6.3	6.0	5.1	1.7

Source: Ward's 1966 Automotive Yearbook.

¹²The Buyers of New 1965 Automobiles, p. 52.

Buick has seen a growth of 1.7% in market share since 1961, but Oldsmobile increased only 0.8% during this same period and, by 1965, Buick passed Oldsmobile in total production.

Another indication that the division needs to revitalize its image is found in Oldsmobile's patterns of sales. There is some danger in a marketplace showing a preference for sports-type vehicles. For example, Oldsmobile is still selling many more four-door models in its 88 series than two-door models.¹³ In the industry as a whole, the sales of sportier two-door hardtop coupes have been steadily rising until, in 1965, they took the number one spot away from the four-door models for the first time.¹⁴ In addition, divisional models attempting to capitalize specifically on the trend toward sports-type cars have not met with a great deal of success. The sporty Starfire, a sports-type car on a full-size body, jumped off at a spirited pace when introduced in 1961 by accounting for 4.8% of all Oldsmobile big car production. In 1962, a hardtop version was added to the original convertible and production was increased

¹³"Driving the Hot '67's: Olds 88's," Motor Trend, Vol. XVIII (October, 1966), p. 58.

¹⁴"Two-door Hardtop Leads in '65," Ward's 1966 Automotive Yearbook, Twenty-eighth Yearbook of Ward's Automotive Reports (Detroit, Mich.: Powers and Co., Inc., 1966), p. 33.

in November of that year to a sizable 12.1% of all Oldsmobile big car production.¹⁵ While the entire market for sports-type models soon began to decline, the Starfire suffered the worst losses of all. By 1965, its sales were 27,000 behind 1962 and 42,000 units behind its sporty counterpart in the Pontiac Division, the Grand Prix. The story was much the same for the sports-type model which the division introduced into the intermediate-size F-85 line. While Olds customers were favoring the top-of-the-line models with an abundance of options in general, customers were not being attracted to the performance F-85 as they were closely competitive models. In 1962, the division offered the first one-to-one horsepower to cubic inch ratio in a turbo-charged engine designed as a performance option for the F-85.¹⁶ Late in 1964, the division again upgraded the model with a 4-4-2 option including a new 400-cubic-inch engine, heavy duty components, dual exhausts, and a four-speed manual transmission.¹⁷ Although the car was very similar to Pontiac's sports model for the intermediate-size Pontiac

¹⁵"Oldsmobile," Ward's 1962 Automotive Yearbook, Twenty-fourth Yearbook of Ward's Automotive Reports (Detroit, Mich: Powers & Co., Inc., 1962), p. 87.

¹⁶"Oldsmobile," Ward's 1963 Automotive Yearbook, Twenty-fifth Yearbook of Ward's Automotive Reports (Detroit: Mich.: Powers & Co., Inc., 1966), p. 97.

¹⁷Ward's 1965 Automotive Yearbook, XXVII, 95.

Tempest, the GTO, in terms of horsepower, body size, available options, and price, it never achieved nearly as large a sales volume. The division was failing to attract its share of the sports-oriented market.

Considering this dominant trend toward a preference for sportier, youthful automobiles. Oldsmobile executives apparently realized that they would have to revise their strategy and, to some extent, their product offering. At one point, Oldsmobile engineers frankly admitted that they needed a product which would help them recapture lost buyers.¹⁸ The revised strategy would have to make an attempt to rejuvenate a wavering image for engineering excellence and innovation and intensify the division's appeal to a youth-oriented market. It would logically have to include modifications in the product since the division had not fostered an innovation since 1962 when the turbo-charged engine was added as an option for the F-85, and that was subsequently discontinued. It would also have to include adjustments in the advertising strategy in order to enhance an image, which, as the reaction to the Oldsmobile lineup indicated, did not adequately appeal to the many buyers of sports-type automobiles who were dominating the market. In the early 1960's, Oldsmobile executives began work on a project which could potentially accomplish these objectives.

¹⁸"Oldsmobile Toronado Finally Arrives," Steel, October 4, 1965, p. 83.

CHAPTER IV

THE MARKET FOR A LUXURY SPORTS CAR

Cultivating a Concept

Early in 1960, engineers from Oldsmobile's Advanced Design Group could be found laboring over a mysterious vehicle pieced together with body parts from Chevrolet's newly introduced Corvair compact. The automobile was clearly unusual in appearance but its real distinction lurked in the chassis and drive train hidden beneath a camouflaged exterior. This Oldsmobile project, known as XP-784, was the embryo of the first front-wheel-drive passenger car to be seriously considered for mass production by an American manufacturer since Auburn's coffin-nosed Cord died in 1937.

The wheels of project XP-784 were set in motion when Oldsmobile engineers were given creative latitude to design a better product; a product which would ultimately come to be known as the Toronado. As the Division's chief engineer, John B. Beltz, described it: "The Toronado venture was born of a desire to create a better automobile--

one with more usable room and roadability We were after a big step forward and were willing to break new ground to get it."¹

The original planning did not prescribe a front-wheel drive. Oldsmobile executives needed a car that would break with the past and help them regain a slipping image for the entire company, but they also wanted a car that would find a profitable market niche for itself so that it could make its own contribution to the divisional profit picture. It was not until 1960 that executives decided that front-wheel drive could best achieve both of these objectives. It would be an innovation which would draw attention to the entire division and it offered enough functional advantages so that it could be expected to attract customers of its own. According to Oldsmobile engineers, the front-wheel-drive concept offered the following advantages:

Maximum passenger space and freedom of seat placement, since the drive shaft to the rear axle is eliminated allowing practically flat front and rear floors.

A larger trunk area in the rear, since there would be no need for an axle kick-up in the trunk floor

A quiet, nearly vibration-free ride, since the long, high rpm drive shaft would be eliminated and all of the driving mechanical components would be concentrated ahead of the passenger compartment

Excellent drive traction, particularly on wet or slippery surfaces, since the drive would be moved to the heavier loaded front wheels

¹"Engineering the Toronado," reprint from Motor Trend, Vol. XVII (December, 1965), p. 3.

Exceptional directional stability that would reduce the effect of crosswinds

Excellent handling

Greater freedom of styling a full-size six-passenger car since, with no center tunnel, the roofline could be lowered without sacrificing space and headroom.²

There was no special marketing investigation undertaken by Oldsmobile to assure executives that these features were in great demand among the car-buying public. However, a number of studies conducted in the past, both by the division and independently, convinced them that a car with such features would be in demand.³ For example, it had become common knowledge among executives in the automobile industry that a traditional complaint among consumers revolved around interior room limitations in cars; specifically, the space-hogging transmission that has long plagued the fifth passenger. One study of 1966 automobile buyers discovered that "improved comfort, head room, and leg room" was second in importance only to safety and engineering improvements among buyers who wanted to see changes made on future cars.⁴ In addition, there had long been demands for more trunk room. However, in order to provide additional trunk space

²"A Summary of Advanced Design Studies for the Front Wheel Drive," GM Engineering Journal, Vol. XIII (February, 1966), p. 2.

³Interview, Flanders.

⁴U.S. News & World Report Market Research Division, The Buyers of New 1965 Automobiles, A report prepared jointly with Benson & Benson, Inc. (Princeton: Benson & Benson, 1965), p. 30.

the manufacturer would have to sacrifice the sleek, tapered styling of the rear deck; a move that would bring forth even greater protest from the car buyers. Again, the drive components running the length of the conventional automobile provided the obstacles which hindered the desired improvement.

Oldsmobile executives were also convinced that buyers would react favorably to the "nearly vibration-free ride" which the division's engineers cited as an advantage of the front-wheel drive. Studies undertaken over the years ranked comfortable riding qualities as one of the considerations weighed by the customer in his decision to purchase. An independent study of car-owning households in 1965, for example, found that 39.3% of those who owned medium- and high-priced cars thought that a "smooth, comfortable ride" was an important attribute for an automobile.⁵

Oldsmobile engineers offered improved traction and greater stability with the front-wheel drive and executives in the industry have long been aware that this has been a prime consideration in the customer's decision to buy. A study of new car buyers in 1965 discovered that 8.8% of those who considered purchasing high-priced

⁵National Automobile & Tire Survey, 1965, p. 40.

sports-type cars had rejected one or more of the makes because of poor handling characteristics. Among those who considered high-priced prestige cars, 8.6% rejected one or more on the basis of handling. Considering all of the 1965 car buyers together, only 3.7% avoided models because they did not handle well.⁶ Consequently, this characteristic seems to be most important to those in the market for the more expensive models.

Finally, Oldsmobile engineer's promised that the front-wheel drive concept would allow greater freedom in styling and this factor has been of great importance to the car buyers. A full 52.2% of all 1965 car buyers in one study thought that styling was among the top three factors which influenced their decision to purchase. Of these, 28.2% thought that styling was the single most important consideration.⁷

It would seem that the advantages which Oldsmobile's engineer's felt that they could obtain from a car with front-wheel drive were well worthwhile from the point-of-view of the consumer and that, on the basis of the available evidence, the decision of divisional executives to follow through with the project was a sound one.

⁶R. L. Polk Company, Newsweek's 1965 Census of New Car Buyers, A report sponsored by NEWSWEEK magazine (New York: Newsweek, Inc., 1965), p. 19.

⁷The Buyers of New 1965 Automobiles, p. 33.

Of course, the thinking being done in all of the General Motors' divisions, except Cadillac, was in terms of the compact car when the front-wheel-drive program originated in the late 1950's. As a result, the early development of the concept was primarily applicable to the smaller Oldsmobile F-85 which emerged in 1961 as the division's entry into the compact field to compete with the Ford Falcon, Buick Special, Chevrolet Corvair, Mercury Comet, Pontiac Tempest, and Plymouth Valiant. This initial prototype sported a 215-cubic-inch V-6 aluminum engine which was mounted cross-wise in the engine compartment and the results were most reassuring to the engineers.

The car was very encouraging from the standpoints of directional stability, handling, and general performance. But it served up some knotty problems that were to require much time, money, and effort to solve.⁸

Therefore, in July of 1960, the automobile was rebuilt with emphasis on improvements to the driveshaft and chain drive.

Indicative of General Motors' complex centralized-decentral-organizational arrangement is the interesting fact that early in the front-wheel-drive project, a parallel program was initiated by the

⁸"Engineering the Toronado," reprint from Motor Trend, Vol. XVII (December, 1965), p. 3-4.

GM corporate engineering staff. This was, of course, not derogatory to Oldsmobile's own advance design group, but was merely representative of the corporation's policy of spreading responsibility. Each group was reportedly fully aware of the existence of the other and an unrestricted exchange of ideas is said to have taken place. As Motor Trend put it: "Probably only GM and the U.S. government could afford this sort of luxury. Of the two, maybe only GM could've done it as efficiently."⁹

Early in 1963, designs for the final basic model of the front-wheel-drive were begun and, in February of 1964, Oldsmobile demonstrated the car to General Motors' officials at the Desert Proving Ground in Mesa, Arizona. The proceedings were apparently highly successful since, with the aid of the GM corporate engineering staff, Oldsmobile won approval for the development of the prototype for future production.¹⁰

At some point in the evolution of the Toronado, divisional executives decided that an intermediate-size front-wheel-drive car was not suitable for marketing and the decision was made to utilize the concept in terms of a full-size luxury sports car which would compete

⁹Ibid., p. 7.

¹⁰GM Engineering Journal, XIII (December, 1966), p. 4.

with Buick's Riviera and Ford's Thunderbird at the expensive end of the specialty car market. Interestingly, the decision was initially made by the engineering, not the marketing, department. Even before the market analysis section at Oldsmobile was instructed to work on the project, the Toronado had been keyed to the luxury sports car market for reasons which had nothing to do with the nature of the market or the consumer. Engineering and financial executives had simply determined that the car which sported front-wheel-drive would have to sell in the neighborhood of \$4500 in order to make the product profitable for the division.¹¹ This was unfortunate for Oldsmobile from a sales volume point-of-view because, as Table 10b indicates,

TABLE 10b. -- Production growth trends in the automotive industry by price classes

<u>Pre-tax Price</u>	<u>Percent gain 65 vs. 64</u>
\$2000 - less	-37.3%
2001 - 2500	22.9
2501 - 3000	32.7
3001 - 3500	53.6

Source: Ward's 1966 Automotive Yearbook

¹¹Interview, Flanders.

the fastest growing price class in the market has been earned by products selling in the \$3001 - 3500 group. Between 1963 and 1965, the market for automobiles in the \$2000-or-less price range declined 37.3% in terms of total production. Meanwhile, at the other end of the price spectrum, cars selling for \$3001 to \$3500 achieved a growth in production of 53.6%. Figures indicate that the market for a high-priced car retailing for \$4000 or more increased an estimated 30.1% during this same period.

On the other hand, Oldsmobile marketers maintained that they would have entered the automobile in this price range even if it could have been produced for the lower-priced market. They felt that since the division already marketed a number of models in the \$3001 - 3500 price group, the introduction of a new specialty car into the same market would serve primarily to take sales from other Oldsmobile models rather than increasing total revenue for the division. Consequently, they much preferred to introduce a new model in a market which their product offering was not presently covering.¹² Undoubtedly, a specialty car marketed in the \$3001 - 3500 price range would have attracted many sales from those who

¹²Letter from Mr. R. C. Flanders, Market Analysis Manager, Oldsmobile Division, General Motors, August 24, 1966.

would have purchased other Oldsmobile models otherwise. As a comparison, one study found that 34.8% of respondents who had purchased a Ford Mustang in 1965 traded in a Ford. Similarly, 23.7% of those who bought a Plymouth Barracuda specialty car in 1965 traded in a Plymouth.¹³ There is no reason to suspect that the pattern would have been different for Oldsmobile.

There is evidence that Oldsmobile marketers also favored the luxury sports car market because they had been losing sales to brands which competed in this segment. As Table 11a indicates,

Table 11a. -- Make of passenger car traded in
or sold at the time of purchase of
a 1965 luxury sports car

<u>Make</u>	<u>Percent Traded</u>
Thunderbird	15.2%
Chevrolet	11.2
Pontiac	10.2
Oldsmobile	7.5
Chrysler	7.2

Source: Benson & Benson Research, Inc. The Buyers of 1965 Sports Cars, sponsored by U.S. NEWS & WORLD REPORT

¹³Newsweek's 1965 Census of New Car Buyers, p. 13.

Oldsmobile ranked fourth in terms of the percentage of sales which it lost because former Oldsmobile owners traded for a luxury sports car in 1965. Thunderbird is a luxury sports car itself so many of those people who traded for a 1965 Thunderbird can be expected to have owned the same make before. One study found that 43.3% of those who bought a Thunderbird in 1965 traded in another Thunderbird.¹⁴ In addition, third-ranked Pontiac and fifth-ranked Chrysler both had models which this particular study classified as a luxury sports car; the Pontiac Grand Prix and Chrysler 300L. In 1965, 53.5% of those who purchased a Grand Prix traded in a Pontiac model and 53.3% of those who bought a Chrysler 300L traded in a Chrysler model.¹⁵ Consequently, the net loss of customers for these two brands was not as great as it might first appear. Oldsmobile, however, had no model competing in the luxury sports car market as defined by the study so none of its customer losses to this segment could have been retrieved as they undoubtedly were in the case of Pontiac and Chrysler.

At this point, the product strategy portion of the overall marketing plan to rebuild the Oldsmobile image for engineering innovation and attract a greater segment of the youth-oriented automobile market

¹⁴Ibid.

¹⁵Ibid.

was complete. The division had found the innovation which it needed in the front-wheel-drive concept which offered a number of advantages in terms of comfort and handling. In order to insure that there was no mistake in the consumer's mind about the Toronado's innovative character, product planners also fitted the car with a new shock absorber arrangement, advanced torsion bar system, and a new four-barrel carburetor. The radical design of the car, made possible by the mechanical nature of the front-wheel drive, was not only an innovation, but it also gave the car the distinctive, "youth-oriented" appearance which the market was demanding. Finally, the new product would be priced to appeal to that portion of the "youth-oriented" market in which Oldsmobile had formerly been losing sales because it offered no competitive model. Now, the task was to determine to what extent the luxury sports car market could be expected to support the Oldsmobile Toronado.

Market Analysis for the Luxury Sports Car

Basically, market analysis for the potential new product was two-fold in nature. First, the automobile market was examined in depth and then general buyer characteristics were established.¹⁶

¹⁶Letter, Flanders.

Market analysis at Oldsmobile began with an examination of the total industry volume by \$100 price increments in the recent past in order to ascertain the volume and trends in the \$4800 price range. As Table 11b indicates, the trend in the industry has been

TABLE 11b. -- Percent share of the automotive market by price class

<u>Price</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>	<u>1960</u>
\$2000-less	7.1%	8.1%	15.8%	20.6%	19.8%	17.9%
2001-2600	57.7	56.6	56.6	52.2	55.0	53.9
2601-3000	23.7	22.9	16.3	14.5	15.1	16.7
3001-3500	6.5	5.3	4.1	3.9	3.3	5.5
3501-4000	2.7	2.4	3.9	4.9	3.0	2.4
4001-over	4.1	4.7	3.3	3.9	3.7	3.4

Source: Ward's Automotive Yearbooks

toward the purchase of more expensive cars. The percentage of car production devoted to vehicles selling for \$2000 or less has steadily decreased from 17.9% in 1960 to 7.1% in 1965. On the other hand, automobiles priced in the \$3000 to \$4000 price bracket increased from 7.9% in 1960 to 9.2% in 1965. In the Toronado

range, cars that sell for \$4000 or more, made wavering but consistent gains from 3.4% to 4.1% during this six year period. Considering the rapid expansion of the total automobile market in terms of sales, the \$4000 plus segment grew approximately 30.1% between 1963 and 1965 while the total automobile market expanded only 21.8% during the same period. Consequently, while the market segment into which the Toronado was to be cast had not been expanding as rapidly as the \$3001-3500 segment, it had been growing faster than the automobile market as a whole.

TABLE 12. -- Future trade-in plans of buyers of
new 1965 medium priced cars

<u>Make</u>	<u>Percent planning to purchase</u>
Cadillac	5.7%
Thunderbird	4.1
Riviera	3.2
Imperial	2.5
Lincoln	1.6

Source: Benson & Benson Research, Inc., The Buyers
of New 1965 Medium Priced Cars, sponsored
by U.S. NEWS & WORLD REPORT.

Oldsmobile marketers concluded that this market segment also had significant growth possibilities for the future, providing the Toronado with an even larger number of potential customers in years to come.¹⁷ Available evidence tends to support this contention. As Table 12 indicates, a total of 17.1% of the purchasers of 1965 medium-priced cars planned to trade up to one of the traditionally high-priced automobiles in the future. More specifically, 7.3% indicated that they had been considering one of the luxury sports cars, Thunderbird or Riviera. Interestingly, the luxury sports cars were second only to Cadillac in popularity among those who claimed to be making plans to purchase a car in this expensive product group. Barring unforeseen economic circumstances in the marketplace, there should be a direct relationship between the spectacular growth of the \$3001-3500 market and the growth of the \$4000-plus segment in that portion of the medium-priced car buyers can be expected to turn to higher-priced automobiles in their future buying plans. The larger the middle-priced segment, the larger the higher-priced market can be expected to become as a result of the future trade-ups providing that a constant percentage of medium-priced car buyers remain disposed to trade into the higher bracket in their future purchases.

¹⁷Ibid.

The growth of the high-priced automobile market and the possibilities of continued growth in the future, providing that the economic forces remain relatively stable, indicate that the Oldsmobile marketing personnel were on very solid ground when they decided that, from a price segmentation point-of-view, the sales potential for a product in this category was great enough to justify its introduction.

Once the market analysis department at Oldsmobile had concluded studies of the sales trends of automobiles by \$100 price increments, executives turned more specifically to a study of the luxury sports cars in the marketplace.¹⁸ Actually, the luxury sports car market is very difficult to examine since it is so young and there are so few product offerings for comparative analysis. There are really only two cars on the market with a direct similarity to the Toronado, the Buick Riviera and the Ford Thunderbird. Nevertheless, it is a study of the sales trends for these cars which boast a distinctive, full-size body and a retail price in excess of \$4000 that provides the most meaningful comparison.

These two luxury sports cars secured a stable, if not dramatically large, portion of the market. As Table 13 indicates, the addition of the Riviera in 1963 along with continued success for the Thunderbird,

¹⁸Ibid.

increased the market share for the segment and boosted the 1965 sales 40% above 1962. The market immediately settled, however,

TABLE 13. -- Percent of total automobile production held by the luxury sports car

<u>Make</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>	<u>1962</u>
Thunderbird	75,000	92,000	63,300	78,000
% of market	0.8%	1.2%	0.9%	1.2%
Riviera	34,000	37,700	40,000	---
% of market	0.4%	0.4%	0.5%	
Total Sales	109,000	129,700	103,300	78,000
Total % of Market	1.2%	1.6%	1.4%	1.2%

Source: Ward's Automotive Yearbooks.

and the sales growth from 1963 to 1965 was an estimated 6% compared with the 21.8% growth rate of the industry as a whole and the 30.1% increase for all of the cars selling for \$4000 or more.

As mentioned, however, an analysis using only two products is certainly less than ideal as a basis for predicting the success of the third, and Oldsmobile executives apparently agreed. They extended their study of the market to include a series of somewhat lower-priced

sports-type cars.¹⁹ These automobiles differed from the luxury sports car primarily by virtue of the fact that they shared a body with the company's regular line of family automobiles. As Table 14 indicates, these products, considered with the Thunderbird

TABLE 14. -- Percent of total automobile production held by medium and high priced sports-type cars

<u>Make</u>	<u>1963</u>	<u>1962</u>
Pontiac Grand Prix	72,642	38,686
Ford Thunderbird	63,857	73,975
Buick Riviera	36,318	8,108
Oldsmobile Starfire	23,005	39,224
Chevrolet Corvette	21,901	15,239
Studebaker Avanti	2,811	441
	<hr/>	<hr/>
Total Sales	220,534	175,673
% of all U. S. New Car Registrations	2.92%	2.92%

Source: Ward's 1964 Automotive Yearbook.

¹⁹Letter, Flanders.

and Riviera, held 2.92% of the market in both 1962 and 1963 even though five of the models were less than two years old. This market acceptance had given the models a sales growth of 25% during this period. However, by 1965, sales for this group of products had dwindled considerably. The Pontiac Grand Prix was down 15,000 sales from 1963, Studebaker's Avanti had retired from the market, and Oldsmobile's own Starfire sales contracted by 10,200 units. The market for cars selling in the medium- and high-priced segments was definitely declining.

But Oldsmobile executives expected to increase the appeal of this market by drawing Toronado sales from the "prestige" segment of the automobile market.²⁰ The products competing in this market portion included the high-priced Lincoln, Cadillac and Imperial cars which, as Table 15 indicates, experienced losses in market share between 1961 and 1965, but with the exception of 1964, gained in sales growth which was only 1.1% below the record sales expansion of the industry as a whole. Historically, the products in the luxury sports car market have been able to capture a small number of customers from this "prestige" market. For example, one study found

²⁰Letter from Mr. Val Corradi, Account Executive, D. P. Brother & Company, September 21, 1966.

that 6.7% of those who purchased a Thunderbird or Riviera in 1965 had traded in a Cadillac. Another 2.7% traded in a Lincoln when they bought one of the luxury sports cars, but the number of

TABLE 15. -- Percent of total automobile production held by "prestige" automobiles

<u>Make</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>
Cadillac	196,595	154,603	164,735	158,528	148,298
Lincoln	45,470	37,750	33,717	33,829	33,180
Imperial	16,422	20,391	18,051	14,787	12,699
Total	258,487	212,744	216,503	207,144	194,177
% of Industry	2.77%	2.74%	2.83%	2.99%	3.52%
% change one year ago	21.5%	-1.8%	4.5%	6.7%	

Source: Ward's 1966 Automotive Yearbook.

Imperial owners who traded to a luxury sports car was insignificant. In all, 9.4% of the respondents in the study reported that they had traded a "prestige" automobile for their luxury sports models.²¹ On this basis, Oldsmobile executives were justified in concluding that they could potentially gain additional sales from the "prestige" markets.

²¹Newsweek's 1965 Census of New Car Buyers, p. 13.

Considering the "prestige" and luxury sports car market segments together, the products from which Oldsmobile executives hoped that the Toronado would draw sales accounted for 3.97% of the total 1965 automobile market. The addition of such high-priced models as Oldsmobile's Ninety-eight, Buick's Electra, Pontiac's Bonneville, and other models which have sold for more than \$4000 to this group increased the market from which the Toronado might logically be expected to capture some sales to 4.1% on the basis of 1965 patterns of purchase. Furthermore, segmenting the market on the basis of three different factors, price, prestige, and sportiness, all resulted in market segments which have shown sales-growth trends over the past few years. These trends in sales growth have not been particularly dynamic, but they have stabilized these segments' share of the expanding total market. Certainly, the luxury sports car market was strong enough for the Oldsmobile Toronado.

The Luxury Sports Car Buyer

Satisfied that the market would support the Toronado, Oldsmobile's Market Analysis Department turned to an investigation of the potential buyer in order to establish the reason for customers choosing the particular make which they had purchased.²² The research conducted by

²²Letter, Flanders.

the division found that the most important considerations in the purchase of any new car in order of preference were:

1. Previous experience with make
2. Appearance, style
3. Riding comfort
4. Reputation of the car or manufacturer
5. Performance
6. Handling

The same study, however, found that the buyers of luxury sports cars gave different reasons for purchasing their automobiles. In order of preference, they were:

1. Appearance, style
2. Performance
3. Riding comfort
4. Handling

After analyzing the findings, Oldsmobile market researchers concluded that the buyers of luxury sports cars were motivated primarily by style. Performance, comfort, and handling were also leading reasons, but were found to be only slightly more important to luxury

sports car buyers than to regular buyers.²³

Independent studies tend to validate the findings of the Oldsmobile research. As Table 16 indicates, one independent study found that, indeed, styling was the most important reason influencing the consumer's

TABLE 16. -- Comparison of the reasons influencing the purchase for luxury sports car buyers and all 1965 car buyers

<u>Influence</u>	<u>All 1965 Car Buyers</u>	<u>1965 Luxury Sport Car Buyers</u>
Styling	52.2%	79.7%
Good Engineering	43.4	59.1
Previous Experience	23.7	19.5

Source: Benson & Benson Research, Inc., The Buyers of New 1965 Automobiles, sponsored by U.S. NEWS & WORLD REPORT.

purchase of a luxury sports car. Unlike the Olds study, however, the independent research found that styling was the most important reason influencing the selection for all 1965 car buyers as well. Nevertheless, styling seems to be more important to buyers of luxury sports cars since 79.7% of these customers claimed that styling was most important while only 52.2% of all car buyers indicated that it was the dominate

²³Ibid.

influence. Good engineering, which corresponds to performance, riding comfort, and handling in the Oldsmobile study, was also found to be relatively more important to the luxury sports car buyer by both investigations. Similarly, both studies agreed that the reputation of the manufacturer carried somewhat more influence with the buyer in general than with luxury sports car buyers.

A second independent study found that the buyers of 1965 specialty cars, including both the Riviera and Thunderbird, were also a great deal more interested in styling than buyers in general. As Table 17

TABLE 17. -- Comparison of reasons influencing the purchase of specialty car buyers and all 1965 car buyers

<u>Influence</u>	<u>All 1965 Car Buyers</u>	<u>1965 Luxury Sports Car Buyers</u>
Styling	26.0%	64.9%
Mechanical Reliability	3.4	4.0
Previous Experience	48.2	21.4

Source: R. L. Polk, Newsweek's 1965 Census of New Car Buyers, sponsored by NEWSWEEK magazine.

indicates, there was a difference of 38.9% in the importance placed on styling by the two groups. The specialty car buyer also demonstrated a greater interest in good engineering and less interest in previous experience than the average customer. As in the Oldsmobile study, the average car buyer was most concerned with experience while the specialty customer thought that styling was the most important consideration.

It is interesting to note that, according to all of these studies, the luxury sports car buyer has been influenced by less conservative factors than buyers in general. The average buyer of a 1965 car apparently had less desire to take a risk. He was more concerned with personal experience with the make and the reputation of the manufacturer than with performance and handling characteristics. In short, he was apparently searching for reliability to a greater extent than the luxury sports car buyer. Buyers of luxury sports cars, on the other hand, apparently were more interested in the car as a "personality". They were relatively more concerned with how it looked, how it felt, and how it would react in terms of performance than were the average car buyers. The two types of buyers were definitely attracted to their 1965 cars for somewhat different reasons

so the satisfaction which they hoped to revive from their purchase must have been very different as well.

The Oldsmobile study was also designed to develop a consumer profile for the luxury sports car buyer. Research results at Oldsmobile indicated that the buyer of a luxury sports car was, on the average, in his late thirties or early forties with an income falling between \$10,000 and \$25,000. He was likely to be found working at a managerial, executive, or professional job, and may well have attended college.²⁴

TABLE 18. -- Comparison of household incomes of luxury sports car buyers and all 1965 car buyers

<u>Income</u>	<u>Buyers of Luxury Sports Cars</u>	<u>Buyers of New 1965 Cars</u>
\$50,000 or more	3.4%	1.9%
25,000-49,999	13.8	7.0
15,000-24,999	30.0	15.7
10,000-14,999	30.0	28.1
7,500-9,999	12.7	20.6
5,000-7,499	9.2	20.3
4,000-4,999	.3	3.2
Less than \$4,000	.6	3.2

Source: Benson & Benson Research, Inc., The Buyers of New 1965 Automobiles, sponsored by U.S. NEWS & WORLD REPORT.

²⁴Ibid.

Again, independent studies of the buyers of 1965 automobiles confirm the Oldsmobile findings. As Table 18 indicates, a total of 60% of luxury sports car buyers in one study earned between \$10,000 and \$25,000 per year. More than 77% earned more than \$10,000 per year as compared to only 52.7% rising above this income among the buyers of all 1965 cars. However, since the Toronado retails at a cost approximately \$500 higher than the luxury sports cars in this study, its consumer profile may well include a slightly higher salary composition.

Oldsmobile researchers also discovered that better than 50% of the buyers of luxury sports cars had attended college and at least one independent study supports this contention. As Table 19

TABLE 19. -- Comparison of the education of luxury sports car buyers and buyers of all 1965 cars

<u>Education of Head of Household</u>	<u>Buyers of Luxury Sports Cars</u>	<u>Buyers of All New 1965 Cars</u>
College Graduate	34.3%	28.0%
Attended College	57.0	47.1
High School Graduate	27.9	33.4

Source: Benson & Benson Research, Inc., The Buyers of New 1965 Automobiles, sponsored by U.S. NEW & WORLD REPORT.

indicates, 57% of the luxury sports car buyers had some college education while only 47.1% of 1965 car buyers as a whole had spent time in the college classroom. Moreover, 34.3% of the luxury sports car owners surveyed actually graduated from college while 28% of the total car buying sample finished.

Oldsmobile researchers found that the luxury sports car buyer was most likely to be in his late thirties or early forties. Other research, however, finds that the luxury sports car buyer was somewhat older. As Table 20 indicates, nearly 55% of the owners

TABLE 20. -- Comparison of the ages of luxury sports car buyers and buyers of all 1965 cars

<u>Age of Household Head</u>	<u>Buyers of Luxury Sports Cars</u>	<u>Buyers of All New 1965 Cars</u>
55 or older	23.0%	25.1%
45-54	31.2	26.4
35-44	23.6	24.4
25-34	17.3	18.8
Under 25	4.9	5.3

Source: Benson & Benson Research, Inc., The Buyers of 1965 Automobiles, sponsored by U.S. NEWS & WORLD REPORT.

of luxury sports cars in one sample were 45 or older. In addition, the purchasers of all new cars in general had a greater concentration in the 35-44 bracket in this study than did the purchasers of luxury sports cars. In any case, 56.8% of buyers in the Toronado market fall between the ages of 35 and 54 according to the study and both the Oldsmobile and the independent research agreed that they were likely to be middle-aged.

Oldsmobile researchers had uncovered a wealth of information differentiating the luxury sports car buyer from the buyers of "ordinary" automobiles on the basis of both demographic characteristics and specific attitudes toward cars. The findings had significant potential value for advertising strategists in their efforts to reach the customers in this market segment both physically, through an optimum media mix, and psychologically, through a sound copy strategy. Oldsmobile's Market Analysis Department had concluded its assignment. Now it was entirely up to advertising strategists to capitalize on the findings which had been made available.

CHAPTER V

ADVERTISING AN INNOVATION

Naming Project XP-784

An automobile manufacturer has good reason for keeping the number of people who are knowledgeable about a potential product minimum. In the early stages of development, the primary objective is to keep the competition from learning of the new model, thus precipitating a race to the marketplace. As the car approaches production, the objective is to keep the public from delaying their purchase of the present models in anticipation of better things to come. In the area of marketing and advertising, secrecy and security provide the product's promoters with a competitive edge and stimulate dealer enthusiasm.¹

Consequently, only a handful of executives from Oldsmobile's advertising agency, Detroit-based D. P. Brother & Company, were brought into the early promotion and advertising plans for Project XP-784. The agency played no role in the market feasibility analysis

¹"Admen are Factors in New-Car Security," Advertising Age, October 25, 1965, p. 10.

and decision to produce. It was not until Oldsmobile executives had made the decision to introduce the luxury sports car at the beginning of the division's 1966 model year that the agency began to function.²

Oldsmobile product planners had given the agency a product that was strongly differentiated from the competition in terms of styling and engineering. Market researchers provided information regarding the potential customer's demographic characteristics and attitudes toward automobiles. However, the success in creating a youthful, distinctive "personality" for the luxury sports car and rejuvenating the image of engineering excellence for the entire division would depend ultimately on the effectiveness of the 1966 advertising campaign.

One of the first tasks undertaken at D. P. Brother & Company was the job of finding a suitable name for Project XP-784. The agency philosophy holds that researching a product name is most useful as a tool for eliminating those which the survey shows to be obviously unacceptable. Choosing the best among a host of good product names still remains a management decision.³

²Interview, Corradi.

³Ibid.

The exact nature of the research undertaken to select an appropriate name for the luxury sports car is known only to those closely involved with the project. However, a long list of potential names was presented to a sample of consumers who were asked to indicate their connotative and denotative meanings for the words.⁴

There is evidence that agency personnel were faithful to the findings of the Oldsmobile research regarding the nature of the luxury sports car buyer when they set their objectives for the study. Reportedly, the objective was to find a name which would project an image that differentiated the luxury sports car from all other cars on the road. In addition, the name was to be associated with words such as "sporty," "luxury," "full-size," and "high performance."⁵ These objectives corresponded well with the information found by the division's research and the nature of the market segment. While 42% of all 1965 car buyers in one study indicated a preference for more distinctive styling, an even greater 62.4% of 1965 luxury sports car buyers indicated such a desire.⁶ In addition, according to sales trends for sporty options, especially among higher-priced automobiles, the "sporty" and "high-

⁴Ibid.

⁵Letter, Corradi.

⁶Benson & Benson Research, Inc., The Buyers of New 1965 Luxury Sports Cars, A report sponsored by LOOK magazine (New York: Cowles Magazine & Broadcasting, Inc., 1965), p. 52.

performance" image has been increasing in popularity. Finally, the marketers at Oldsmobile had indicated a desire to capture sales from the "prestige" market including Cadillac, Lincoln, and Imperial so a "luxury" and "full-size" image would also have to be projected. The criteria for selecting a name for the luxury sports car were based solidly on needs which the car was designed to fulfill in the marketplace and Oldsmobile executives finally decided that the name "Toronado" would differentiate the automobile and draw the desirable connotative meanings better than any of the other names under consideration.

Toronado Media Strategy

From a marketing point-of-view, the Toronado was, of course, designed to attract sales from the high-priced portion of the specialty market by competing directly with the Ford Thunderbird and indirectly with the high-priced "prestige" cars.

Oldsmobile researchers had provided an abundance of information regarding the demographic characteristics of the potential customer and the media strategists at the division's agency took advantage of such findings. Included in the media mix for the Toronado program were a host of selective magazines whose audiences were composed

primarily of readers past the age of thirty who had above-average incomes and educations similar to those of luxury sports car buyers as discovered by the division's market researchers. The schedule for the introduction of the Toronado to readers whose characteristics closely approximated those of former luxury sports car buyers in terms of income, age, and education included the following selective magazines:

New Yorker	Vogue
U.S. News & World Report	Town & Country
Sports Illustrated	Harper's Bazaar
Time	Sunset
Newsweek	Saturday Review
National Geographic	Fortune
Esquire	Holiday
True	American Medical Association News

At introduction time a four-color, three-page advertisement appeared in both Time and Sports Illustrated and a four-color spread was scheduled for True, New Yorker, Newsweek, Sunset, U.S. News & World Report, and Saturday Review. In other magazines, a full-page, full-color advertisement was utilized.

In a second stage of the program designed to reach the potential Toronado customer, media strategists chose a highly selective two-stage

direct-mail campaign with a mailing list composed of owners of competitive luxury sports cars. The first stage was a "teaser" campaign booklet designed to build interest for the automobile prior to the October 14th introduction date. The second wave began at announcement time and used the same basic mailing list as the first.⁷ Since the division was reportedly interested in drawing sales from the "prestige" as well as the luxury sports car market, it would have seemed logical to have included at least a portion of those who owned these "prestige" automobiles. Admittedly, the high cost of a direct-mail campaign prohibits unrestrained use, but, if the mailing list had only included a portion of the Cadillac owners, it would have reached the most important segment of the "prestige" market. As one study found, a full 9.4% of luxury sports car sales in 1965 were earned from customers who had formerly owned "prestige" cars manufactured by the same corporation that produced the luxury sports car purchased.⁸ In other words, customers who had formerly owned the General Motors-produced Cadillac were more likely to have purchased the General Motors-produced luxury sport Riviera while those who had formerly owned the Ford-produced Lincoln were more likely to have purchased the Thunder-

⁷Interview, Moffitt.

⁸Newsweek's 1965 Census of New Car Buyers, p. 13.

bird if they bought a luxury sports car at all. The addition of a portion of the Cadillac owners would have at least given copywriters an opportunity to convince some of the "prestige" car owners who were most likely to be interested in the Toronado that the luxury sports car was worthy of their consideration.

A third phase of the media campaign involved an attempt to reach automotive opinion leaders in the marketplace through specialty automotive magazines with information about the new product.⁹ This was an excellent strategy decision on the part of D. P. Brother & Company media planners because this influential audience was especially important to the success of the Toronado for three reasons. In the first place, they offered an excellent opportunity for advertising strategists to capitalize on a car which was of great interest to the public because of its unique characteristics. Arming the opinion leader with facts and, hopefully, a favorable attitude toward the product could potentially help the division capitalize on the abundance of face-to-face communication which results whenever a radical new automobile enters the marketplace. Secondly, there were obviously going to be those among prospective customers who would question the capa-

⁹Letter, Corradi.

bilities of the strange front-wheel drive and a reassuring word from a respected source on the subject could serve as a powerful inducement for them to cast away some of their doubts. Finally, there were a number of prospective customers among the readers of such selective automotive specialty magazines who could be reached firsthand. The automotive specialty magazines and general opinion leader publications selected were:

Car Life	Hot Rod
Road & Track	Car & Driver
Sports Car Graphic	Motor Trend
Popular Science	Mechanix Illustrated
Popular Mechanics	

In addition to the task of selectively directing the advertising message to potential customers and opinion leaders in an effort to stimulate the sales of the Toronado, the strategy was also designed to reach a mass audience composed of people who, for the most part, would have little interest in purchasing the luxury sports car. Advertising personnel at the agency contended that in order for the Toronado to assume an image of prestige and status which it so badly needed to compete in a market with such prestige giants as Cadillac, Lincoln, and Imperial, everybody in the marketplace would have to see it as a "prestige" automobile. In other words, the attraction which a car has

for affluent consumers depends, to a large extent, on the "prestige" which is attributed to it by the car-buying public in general.¹⁰

However, available evidence suggests that the selection of general media was also made as an attempt to use Toronado advertising to rebuild an image of engineering leadership for the entire division. In the first place, the Toronado was granted one-third of Oldsmobile's introductory, mass-appeal radio time and a full 40% of the introductory television time.¹¹ In fact, all across the budget, the Toronado received a larger share of the funds than would be expected on the basis of the car's potential sales volume.¹² Had the sole purpose of the addition of media with mass appeal been to build prestige for the automobile among readers and listeners who, for the most part, were not potential customers for a luxury sports car, it is doubtful that so much expensive television and radio time would have been appropriated from Oldsmobile models for which the listeners were actually in the market. Secondly, the amount of space which was purchased in general magazines appealing to a broad audience also suggests that the reason for making

¹⁰Ibid.

¹¹"Front-wheel Drive Toronado Gets Stress in Oldsmobile's Campaign for '66's," Advertising Age, October 11, 1965, p. 4.

¹²Interview, Moffitt.

use of general publications was not merely to build the necessary image of prestige among the general public. As Table 21 indicates,

TABLE 21. -- General magazines utilized in the Toronado introductory campaign

<u>Medium</u>	<u>No. of Pages</u>	<u>Color</u>
Reader's Digest	5	4 color
Post	3	4 color
Life	3	4 color
Look	3	4 color

Source: D. P. Brother & Company

the introductory campaign for the new luxury sports car included the purchase of five pages in Reader's Digest and three pages in Post, Life, and Look as well as full pages in other general magazines. Had the only purpose of scheduling media with general magazines been to establish prestige, single pages would have been adequate since the product details could have been kept to a minimum and still suggested that the Toronado had a prestigious "personality". Consequently, the evidence indicates that a media strategy which placed Toronado advertising in a host of general-appeal mediums was not merely an effort to

lend a prestige to the automobile among the general public for the benefit of affluent prospects. The copy strategy which evolved for the luxury sports car and for the entire Oldsmobile line for 1966 clearly indicates that it was also an attempt to recast an image for engineering leadership and innovation for the entire division among an audience composed of prospective customers for Oldsmobile's other models.

Building an Image for Oldsmobile

The primary goal of the Toronado advertising which was to appear in mass-appeal publications has been made very clear by the body copy of the introductory advertisement in Figure 3.

New one-of-a-kind car . . . engineered by Oldsmobile!
 Speculation's over. Toronado's here! New proof of Oldsmobile's engineering leadership. Only full-size car with front-wheel-drive. Gives you up-front traction . . . flat floors . . . six-passenger spaciousness! Plus exceptional stability . . . the year's most advanced styling! All on a big 119-inch wheelbase -- powered by a 385-hp Rocket V-8!
 Rumor's over. Toronado's here! At you Dealer's . . .
 LOOK TO OLDS FOR THE NEW!

Such phrases as "engineered by Oldsmobile" and "new proof of Oldsmobile engineering leadership" support the contention that the addition of mass-appeal publications to the media schedule was part

Speculation's over!
Toronado is here!



New one-of-a-kind car...engineered by Oldsmobile!

Speculation's over. Toronado's here! New proof of Oldsmobile engineering leadership. Only full-size car with front wheel drive. Gives you up-front traction... flat floors... six-passenger spaciousness! Plus exceptional stability... the year's most advanced styling! All on a big 119-inch wheelbase—powered by a 385-hp Rocket V-8! Rumor's over. Toronado's here! At your Dealer's... **LOOK TO OLDS FOR THE NEW!**



Another first from Oldsmobile! Toronado, only full-size car with front wheel drive! Engine, transmission, differential and steering are all up front... to put the traction where the action is!

STEP OUT FRONT IN '66
... in a Rocket Action Car!

TORONADO • NINETY-EIGHT • DELTA 88 • DYNAMIC 88 • JETSTAR 88 • CUTLASS • F-85 • VISTA-CRUISER • STARFIRE • 4-4-2

OLDSMOBILE

GREAT TIME TO GO WHERE THE ACTION IS... SEE YOUR LOCAL AUTHORIZED OLDSMOBILE QUALITY DEALER TODAY!

(Dealer Name and Address)

THE 1966 ROCKET OLDSMOBILES ARE HERE! SEE THEM... DRIVE THEM AT THE OLDSMOBILE DEALERSHIP NEAREST YOU!

Figure 3

of an attempt to rebuild an image of innovation for the entire division. First, the reader was told that the Toronado was a distinctive "one-of-a-kind car". He was exposed to the features which made the car different through two illustrations, one for the distinctive styling and the other demonstrating the unusual front-wheel drive. Secondly, the copy discussed the distinctive advantages which resulted from the engineering innovation; flat floors, six-passenger spaciousness, exceptional stability, up-front traction, and advanced styling. Finally, the invitation to action promised the reader that he could "LOOK TO OLDS FOR THE NEW"; not just to the Toronado, but to the entire line of 1966 Oldsmobile products.

Throughout the year, Toronado advertising continued this theme of emphasizing engineering and styling leadership in order to convince readers that Toronado was an innovation and that it was produced by Oldsmobile. The typical advertisement exhibited in Figure 4 appeared in newspapers around the country during the Fall of 1965. Again, the luxury sports car's advanced features were the key points emphasized as the headline demonstrates:

Talk about engineering excellence . . .
Toronado says it all

Talk about engineering excellence... TORONADO says it all!

(CAR LIFE Magazine says so, too.)



Oldsmobile's Toronado just walked off with the Car Life Magazine "Award for Engineering Excellence"—and with good reason! Styling that will be years ahead years from now. A breakthrough in ride, handling and performance (front wheel drive took the honors!). Engineering triumphs such as draft-free

ventilation system, full-view side windows, flat floors and room for six. Sound like you and the editors of Car Life look for the same good things? Precisely. A visit to your Olds Dealer's will quickly prove Oldsmobile's engineering leadership... clear across the line! LOOK TO OLDS FOR THE NEW!

STEP OUT FRONT IN '66
... in a Rocket Action Car!



TORONADO • NINETY-EIGHT • DELTA 88 • DYNAMIC 88 • JETSTAR 88 • CUTLASS • F-85 • VISTA-CRUISER • STARFIRE • 4-4-2

OLDSMOBILE

GREAT TIME TO GO WHERE THE ACTION IS... SEE YOUR LOCAL AUTHORIZED OLDSMOBILE QUALITY DEALER TODAY!

(Dealer's Name and Address)

EVERY '66 OLDSMOBILE... TORONADO-INSPIRED! DRIVE THEM AT THE OLDSMOBILE DEALERSHIP NEAREST YOU!

Figure 4

However, by this time, the agency copywriters had acquired new ammunition with which to support their contention that the Toronado was an innovation. As the copy explained:

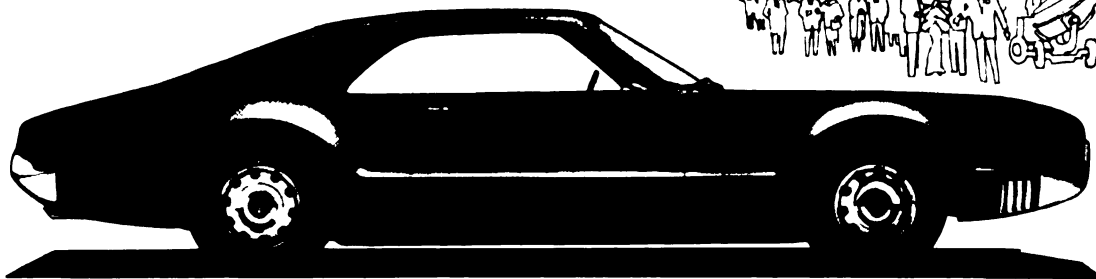
Oldsmobile's Toronado just walked off with the Car Life Magazine "Award for Engineering Excellence" with good reason!

The body copy could have just as well read that Toronado had captured Motor Trend's Car-of-the-Year Award or that the reader's of Car & Driver had voted it the "best all-round car in the world" and, in subsequent advertisements, copywriters did boast of all of these achievements (Figure 5). The awards were used as evidence that the unique features of the Toronado had merit and the copy quickly jumped back to the long list of distinctive qualities which the product offered.

Styling that will be years ahead years from now. A breakthrough in ride, handling and performance (front wheel drive took the honors!). Engineering triumphs such as draft-free ventilation system, full-view side windows, flat floors and room for six.

Having presented the evidence to support the contention that the Toronado was really an innovation, the copy assured the reader that

MOTOR TREND MAGAZINE NAMES OLDSMOBILE TORONADO Car-of-the-Year!



Toronado: The car that inspired every '66 Oldsmobile!



Oldsmobile's new one-of-a-kind Toronado is winning 'em over like no other car before it. Rave reviews and highest honors from the day it was introduced—including Motor Trend's coveted "Car-of-the-Year Award"! Why all the plaudits? Inspired styling for one thing (the kind that collects admirers at every stop)! Inspired handling with road-gripping, ride-stabilizing front wheel drive! Inspired performance from a 385-hp Toronado Rocket V-8. Flat floors. Quiet, draft-free ventilation. Concealed headlamps. See your Olds Dealer. You'll find all the rest of the '66 Oldsmobiles are Toronado-inspired, too! **LOOK TO OLDS FOR THE NEW!**

STEP OUT FRONT IN '66
... in a Rocket Action Car!



TORONADO • NINETEEN-SEVEN • DELTA 88 • DYNASTY 88 • NEWTOR 88 • CUTLASS • F-85 • VENTURA • SEBRING • 4-4-2

OLDSMOBILE

GREAT TIME TO GO WHERE THE ACTION IS... SEE YOUR LOCAL AUTHORIZED OLDSMOBILE QUALITY DEALER TODAY!

(Dealer's Name and Address)

EVERY '66 OLDSMOBILE TORONADO-INSPIRED! DRIVE THEM AT THE OLDSMOBILE DEALERSHIP NEAREST YOU!

Figure 5

all of the new Oldsmobile's were built in the same spirit.

A visit to your Olds Dealer's will quickly prove Oldsmobile's engineering leadership . . . clear across the line! LOOK TO OLDS FOR THE NEW!

Again, the invitation to action was typical of those used in nearly all of the advertisements placed in mass-appeal publications. It attempted to spread the Toronado innovation "clear across the line" in order to reconstruct the image for engineering leadership for the entire division.

The success in convincing consumers that the division was an innovator depended on the campaign's ability to communicate the distinctiveness of the luxury sports car. Therefore, in addition to references to the car's unique features in the body copy, agency personnel wanted to introduce the new model with advertising which was also distinctive in style.¹³ In an attempt to accomplish this objective, the creative staff decided to base the theme of the headline which appeared in the initial advertisement in Figure 3 on the publicity which the car had received during the months prior to the intro-

¹³Interview, Corradi.

duction date. It read:

Speculation's over
Toronado is here

Although the new Oldsmobile was undoubtedly the topic of many conversations, there was certainly nothing unique about using that fact as the basis for an introductory campaign. Nearly every new model which has made its way to the marketplace has relied on the assumption that the consumer has been awaiting his client's product with anxious anticipation. For example, the introduction of the Chevrolet Camaro in 1967 resulted in a newspaper advertisement which also assumed that the entire audience had been excitedly waiting for the car to appear. The Camaro headline read:

You've been waiting for a Chevrolet like this.
Now it's here.

The very nature of the layouts used for the Toronado also undermined the objective of creating distinctive advertising for the luxury sports car. As the advertisement in Figure 3 shows, the illustration and layout plan for the Toronado campaign was virtually identical to layouts which were being used for all Oldsmobile models (Figure 1).

The illustrations in both campaigns emphasized a single photograph of the model over a simple black-and-white line drawing in newspapers and an uncluttered color scene in magazines. Certainly, the advertising strategists wanted to establish the connection between the innovative luxury sports car and the entire Oldsmobile Division, but, they also wanted to convince the reader that the automobile was very different from anything which had ever been marketed by any major U.S. manufacturers. A more distinctive layout could have been a significant factor in successfully communicating the uniqueness of the Toronado.

Finally, the attempt to use the Toronado as a symbol of Oldsmobile's engineering leadership became so intense that it also proved harmful to the luxury sports car's distinctiveness. The strategy designed to convince all consumers that the Toronado was unique and that it was manufactured by Oldsmobile reached rather ridiculous proportions in advertisements like the one in Figure 6. Its headline read:

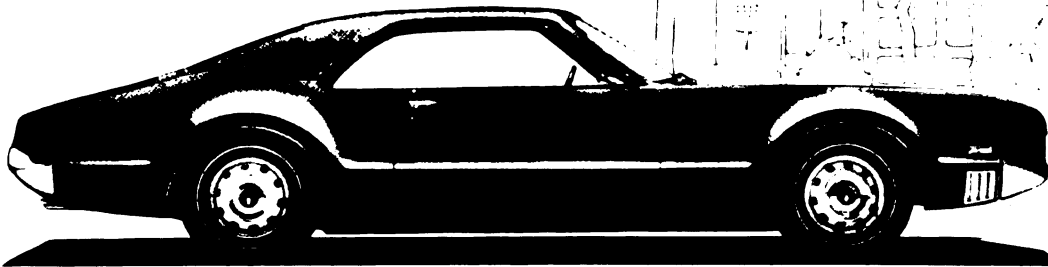
Toronado-inspired luxury cars.
 Toronado-inspired sports cars.
 Toronado-inspired low-priced cars. Plus
 the Car-of-the-Year itself: Toronado.

See Your Olds Dealer . . . The Man Who
 Has Everything!

The most inspired in the class.
 Toronado-inspired sports cars.
 Toronado-inspired low-priced cars. Plus
 the Car of the Year itself. Forwardly.



SEE YOUR OLDS DEALER...
The Man Who Has Everything!



Visit Actionland. Get a man-sized deal on a Toronado-inspired Rocket Olds.
 There're 40 models in all—one sized right, powered right, priced right for you!



Be on the lookout for kids when you see this sign. For clearer safety visibility in rain and snow, be sure you use your windshield washers and fast speed wipers. They're included in the long list of standard safety features on every Olds. So are front and rear seat belts, safety ordered seats and instrument panel, outside rear-view mirror and backup lights.

STEP OUT FRONT
... in a Rocket Action Car!



TORONADO • NINETEEN-EIGHTY • DELTA 88 • DYNASTIC 88 • JETTOR 88 • OUTLAGE • F-88 • VISTA-CRUISER • STAFFLINE • 4-4-2

OLDSMOBILE



GREAT TIME TO GO WHERE THE ACTION IS... SEE YOUR LOCAL AUTHORIZED OLDSMOBILE QUALITY DEALER TODAY!

(Dealer's Name and Address)

Figure 6

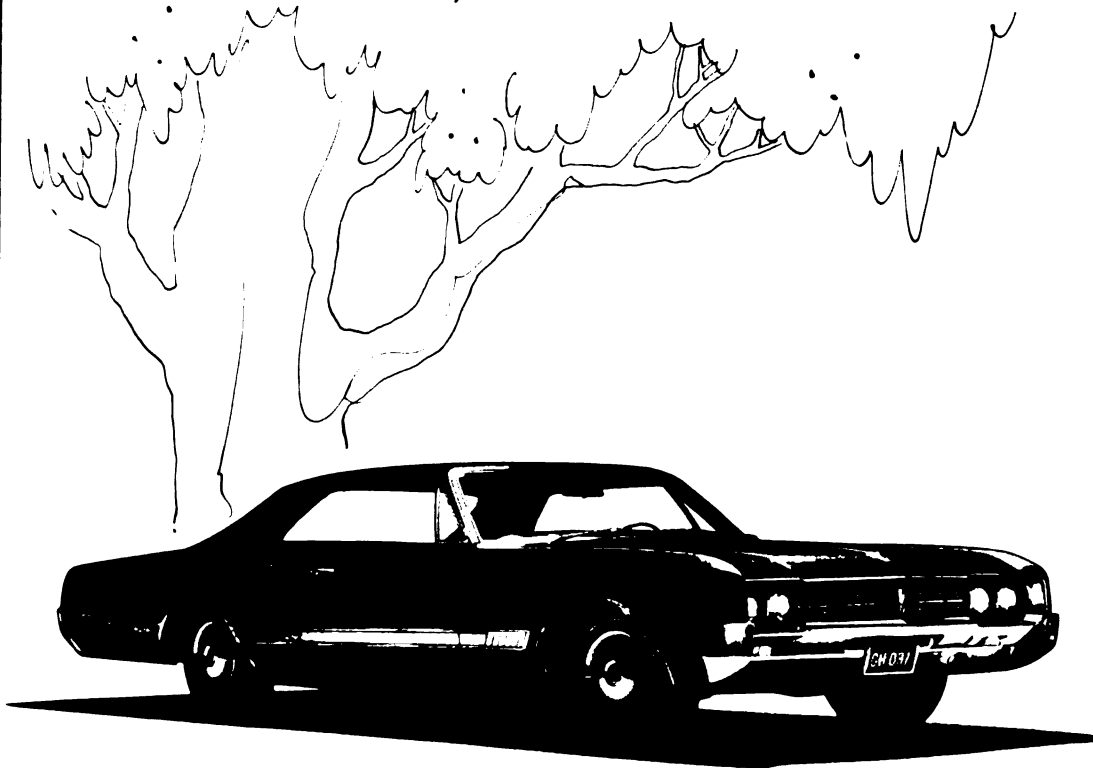
In using the Toronado to recast an image of innovation over all Oldsmobile products, the campaign diluted the distinctiveness of both the luxury sports car and the other models. The primary appeal of the Toronado for its potential customers was the car's uniqueness as evidenced by the fact that 62.4% of the 1965 luxury sports car buyers indicated a desire for more distinctive styling. An advertising campaign which maintained that all Oldsmobile models were in some way similar to the Toronado served to weaken the car's key product advantage. In addition, the individuality of each of Oldsmobile's thirty-eight other models was blurred into a single nebulous "personality" of Toronado-inspiration as Figure 7 demonstrates. The subheading immediately informed the reader that the car was similar to the Toronado.

We gave it the Toronado Treatment . . .
then tagged it with a new lower price!

The statement developed the Starfire as a car which had all of the Toronado's major advantages in spite of the fact that it was a conventional rear-wheel-drive model with little or no styling similarity. Next, the copy attempted to demonstrate exactly how the Starfire and the Toronado were alike:

STARFIRE

by Oldsmobile



We gave it the Toronado treatment...
then tagged it with a new lower price!

Eye that crisply tapered hood. Those flaring front fenders and daring wheel cut-outs. That distinctive chrome accent. Starfire combines many a deft Toronado touch with a look all its own. But Toronado's award-winning influence goes deeper than styling. A 425-cubic-inch Rocket V-8. New Quadrajet Carburetion. Toronado-inspired Strato Bucket Seats. All the same standard safety features. And all at a lower-than-ever price that says it's time for some Starfire talk—at your Olds Dealer's! **LOOK TO OLDS FOR THE NEW!**

STEP OUT FRONT IN '66
... in a Rocket Action Car!



TORONADO • NINETEEN SEET • DELTA 88 • DYNAMICS 88 • JETSTAR 88 • CUTLASS • F-85 • VISTA-CRUISER • STARFIRE • 4-4-2

OLDSMOBILE

GREAT TIME TO GO WHERE THE ACTION IS... SEE YOUR LOCAL AUTHORIZED OLDSMOBILE QUALITY DEALER TODAY!

(Dealer's Name and Address)

Figure 7

Eye that crisply tapered hood. Those flaring front fenders and daring wheel cut-outs. That distinctive chrome accent. Starfire combines many a deft Toronado touch with a look all its own. But the Toronado's award-winning influence goes deeper than styling. A 425-cubic-inch Rocket V-8. New Quadrajet Carburetion. Toronado-inspired Strato-Bucket Seats. All the same safety features. And all at a lower-than-ever price that says it's time for some Starfire talk -- at your Olds Dealer's! LOOK TO OLDS FOR THE NEW!

The name Toronado was mentioned no less than four times in the body copy; twice as often as the Starfire which was being featured. The difficulty of comparing these two automobiles was best portrayed by the copywriter's statement that the Starfire had "all the same standard safety features" as the Toronado. This was not particularly significant since, in 1966, such safety features were required by law. Furthermore, the Starfire was depicted as a model which was only second-best since it was the Toronado that had the "award-winning influence". The Starfire appeared to be a mere copy of a better car.

Disregarding the difficulty of drawing a comparison between the Toronado and the dissimilar models in the regular line, the blanket image of Toronado-inspiration could not possibly have served the desires of every consumer group in all of the market segments in which the division's various models were competing. Oldsmobile's own research for the Toronado had shown that customers in different

markets were influenced in their purchase decision by different factors. Certainly, Oldsmobile's potential customers from all of these various market segments did not share a common desire for an automobile with a "Toronado-inspired" image.

Radio and television commercials were closely related to the print advertising designed for mass-appeal publications. The broadcast scripts were very product-oriented and the emphasis of the message was placed on the distinctive styling and engineering characteristics of the Toronado. And, like the copy designed for mass-appeal publications, the invitation to action was likely to be an invitation to buy any of the 1966 Oldsmobile models. A typical action statement from a script used in Toronado advertising was:

All Oldsmobiles for '66 are Toronado-inspired!
See them at the Olds Dealer nearest you!

The nature of the broadcast media was apparently taken into consideration by agency personnel. The lack of visual cues in radio, commercials, for example, would have made it very difficult to discuss the styling of the luxury sports car, especially since it was a new product on the market and its appearance was likely to be unfamiliar to the audience. The radio copywriter's, apparently, in response to this

situation, dealt with Toronado styling only briefly in the opening remarks of this commercial:

Toronado . . . by Oldsmobile! Nothing else like it anywhere! It's got unique style . . . luxury . . . six-passenger room.

The script quickly established the relationship between the luxury sports car and its creator, Oldsmobile. Then, it established the distinctive features of the product, very early in the message. After establishing the name of the car, the manufacturer, and the distinctive styling, the copy turned to a consideration of handling characteristics which were unique to the automobile.

. . . And -- what really sets it apart, right now in tough winter driving -- is the ground-gripping traction of front-wheel drive! Yes, in Toronado, power is fed to the front-wheels. And since the pulling wheels are also the steering wheels, Toronado gives you increased driving traction. Increased traction on wintry hills and curves. Increased traction in snow and slush . . .

Since a large portion of the audience was undoubtedly unaware of the appearance of the new luxury sports car, the copy strategists very wisely discussed something which they could visualize in the winter months during which the commercial was aired; the problem of getting stuck on icy winter roads. The script was also well done in that it

made only a single point in the short time during which the audience would be exposed to it; that the Toronado's front-wheel drive provided it with "ground-gripping" traction. Finally, the script concluded with an invitation to action typical of all Toronado advertising directed to a general audience:

Visit your nearby Oldsmobile Dealer and step out front
in a Rocket-Action Olds.

Agency personnel also made use of the unique properties of television to demonstrate the Toronado's distinctive qualities. Television, of course, offered copy strategists an opportunity to actually demonstrate the handling characteristics which resulted from the front-wheel drive and Toronado advertising took advantage of that opportunity. One typical commercial consisted of a demonstration of the luxury sports car moving over a winding road with close-ups of the front wheels digging in for increased traction, maneuvering in curves, and quickly regaining its stability. The audio portion of the commercial was very successful in following the visual action with a concise verbal explanation of the proceedings.

Unlike radio, however, television commercials could emphasize the Toronado styling as well as the handling distinctiveness of the

automobile because of its visual properties. Consequently, some commercials were devoted to a discussion of the product's styling distinctiveness. Also unlike the radio commercial, the television messages often attempted to cover a multitude of product points within a sixty-second commercial. At least two of these commercials covered all of the Toronado features including full view side windows, flat floor, ventilation system, engine, and front-wheel drive without emphasizing the consumer advantage of any of them. However, since the primary objective was to make the point that the Toronado was an innovation and inform the audience that "All Oldsmobile's for '66" were "Toronado-inspired" the large number of product features which were included may well have been designed to convince the viewer that the automobile was unique even if he couldn't recall the details of that uniqueness.

While the commercials prepared for the broadcast media were generally correct in form, they suffered from a problem which they shared with the print advertising. There was nothing about them which made them particularly distinctive. Certainly, a television commercial featuring an automobile moving down a winding road with a product-oriented verbal account was not unique to the industry.

Selective Media Copy Strategy


The campaign designed to reach prospective customers differed from the campaign designed to reach a general audience primarily in terms of media, rather than copy, strategy. In fact, many advertisements seem to have been serving both as a means of rebuilding an image for the division among the general public and as a means of reaching potential customers with a selling message. Consequently, most of the favorable and unfavorable attributes which applied to the campaign directed to a general audience also apply to the campaign to selectively reach potential customers. However, since the message in the two types of media had different objectives, they must, to some extent, be evaluated by different criteria.

There may have been many problems in creating the advertising which would reach the potential Toronado customer, but certainly finding a unique selling proposition which would differentiate the luxury sports car from competitive models on the market could not have been one of them. It was obvious that no other American-made automobile boasted a front-wheel drive. Together, this innovation in styling and engineering made the Toronado the only car of its kind. And, as research indicated, 79.7% of luxury sports car buyers in one study had

a strong desire for more distinctive automobile styling. Consequently, it was not surprising to find that the entire campaign designed to interest potential customers in the automobile was based on the luxury sports car's styling and engineering distinctiveness. While the same copy strategy served as a basis for the advertising which appeared in mass-appeal media, it was for a very different reason. The automobile's distinctiveness was important to the general audience campaign because research had shown that distinctiveness was a significant influence on the Toronado customer in his decision to purchase. Consequently, from the point-of-view of basic theme, both audiences could be reached by the same messages without sacrificing a copy strategy based on Oldsmobile research findings.

In addition to appearance, the Oldsmobile studies found that the potential Toronado customer was influenced by performance, riding comfort, and handling and, again, the copy dealt with each of these considerations in messages reaching both the general and selective audiences. However, all of these factors were very unimaginatively discussed in each advertisement as the example in Figure 8 demonstrates.

*STEP
OUT FRONT
IN '66 ... in a Rocket Action Olds!*



Ho-hum driving is out...Toronado's in!

Sleek projectile shape is in. Warmed-over style is out. Road-hugging front wheel drive, definitely in. Flat floors, full-view side windows, concealed headlamps, draft-free ventilation system, full-size room for six are all in. 425-cube Toronado Rocket V-8 is way out—front! Fact is, every good thing we could think of is in. With one exception . . . You! LOOK TO OLDS FOR THE NEW!

Oldsmobile Division • General Motors Corp.

Figure 8

Sleek projectile shape is in. Warmed-over style is out. Road-hugging front wheel drive, definitely in. Flat floors, full-view side windows, concealed headlamps, draft-free ventilation system, full-size room for six are all in. 425-cube Toronado Rocket V-8 is way out -- front!

While such a list of product features may have been partially excusable in the advertising which was geared to general audiences because the primary objective was to establish the fact that the Toronado was an innovation, the same technique was not a sound strategy for reaching potential prospects. Such product-oriented messages failed to take the consumer's motivations into consideration. As studies undertaken by the Chicago Tribune research department have shown, the car buyer is motivated in his decision by such desires as wanting to "be somebody", "acquire a sense of status," "demonstrate his social standing," and "express his personality."¹⁴ A new automobile must be supported by advertising which is very explicit in its assurance that the product will fulfill the desires placed upon it by consumers in the market segment to which it is attempting to appeal. The product-orientation of Toronado advertising failed to undertake this task.

¹⁴Martineau, p. 78.

As the copy in Figure 8 illustrates, the product features were not discussed in terms of the potential customer's self-interests. Research findings that distinctive styling has been especially important to the Toronado's market segment indicate that the potential customer harbored a strong desire to differentiate himself from others. Yet, the message did not suggest that he could do so with the Toronado. In fact, even in the illustration, there was no indication of the type of person who was considered to be a potential Toronado owner and, since the product was new, it would have been difficult for the consumer to attempt to establish an image for the model on the basis of the social status and personality-type of those who had already purchased the luxury sports car. Consequently, the interested reader had no way to determine whether or not the Toronado would help him acquire social status, demonstrate his social standing, or project the desired personality.

While the advertisement in Figure 9 was not as typical of the campaign as those which have already been discussed, it did represent certain improvements in the copy strategy. The message appeared in the February issues of Skiing, Ski Magazine, and Sports Illustrated and the illustration emphasized the traction of the Toronado on the snowy

*STEP
OUT FRONT...in a Rocket Action
OLDSMOBILE!*



**Toronado: Puts the traction
where the action is!**



What better way to make your mark on the slopes! Front wheel drive bites in and makes you go in snow. Turns? Stops? All out performance? Toronado does it all . . . with style. Add a smart custom ski rack and you're ready to schuss off to the **greatest** adventure since the wedel was invented. **LOOK TO OLDS FOR THE NEW!**

Oldsmobile Division • General Motors Corp.

Figure 9

slopes with which the audience was likely to be familiar. The headline pointed out the advantage of the Toronado in such a situation.

Toronado: Puts the traction where the action is!

In this advertisement, the copy strategists had made an attempt to show what kind of person drives a Toronado. Skiing is, for the most part, a sport for the young and active. This fact, coupled with the appearance of young owners in the illustration, provided the luxury sports car with a youthful "personality." The headline had suggested that the Toronado was the kind of car which could be an important part of this active, youthful life and the copy provided the supporting evidence.

What better way to make your mark on the slopes! Front wheel drive bites in and makes you go in the snow. Turns? Stops? All out performance? Toronado does it all . . . with style. Add a smart custom ski rack and you're ready to schuss off to the greatest adventure since the wedel was invented.

The body copy suggested that the car would be an impressive part of a skiing expedition and that its agility would provide adventure not unlike that which the ski enthusiast found on the slopes. An image for the Toronado was finally beginning to take some shape.

The copy strategy in the direct-mail pieces which were sent to prospective customers were characterized by both an attempt to impress potential customers with the distinctiveness of the automobile and an effort to use the Toronado to rejuvenate the Oldsmobile image for innovation. Like the entire campaign, the direct mail copy was highly product-oriented and, with a few exceptions, it failed to present the message in terms of the product's benefit to the consumer even though the audience was homogeneous in terms of past behavior in the marketplace.

The first wave of the two-stage, direct-mail campaign consisted of a "teaser" booklet designed to generate interest in the Toronado before the introduction date. The cover of the booklet contained the following headline:

Thursday
October 14
Is
SEE-DAY

The illustrations utilized consisted of four extreme close-ups of the Toronado's front fenders, wheel covers, rear quarter panel, and instrument panel. On the page facing each illustration appeared the headline:

See-Day is the Day You'll See the Toronado

Obviously, the copy in the booklets suffered from some of the same problems which existed in the mass-media advertising. In the first place, there was nothing distinctive about the "teaser" brochure even though agency personnel had indicated a desire to introduce the luxury sports car with new and different advertising ideas. The "teaser" direct-mail piece, however, was not new in either concept or execution. Secondly, the headlines generally did nothing to suggest to the audience that they were members of an elite group for whom the car was created. Some typical product-oriented headlines of this nature were:

New one-of-a-kind car . . . engineered by Oldsmobile!
The only thing it shares with any other car is the road!
Toronado: Only full-size car with front wheel drive!

The headlines were obviously designed to project the Toronado as a distinctive automobile. In one headline, however, this objective was accomplished somewhat more effectively by relating the unique car to the highly selective audience.

Toronado: an extraordinary kind of car for an extraordinary kind of person. That's why you have this brochure!

In addition to making a sales appeal to these potential customers, the brochures attempted to reinstate the declining leadership image for the division as a whole as the following example illustrates:

First high-compression engine. First automatic transmission. And now Oldsmobile is first again with another automotive achievement.

The copy again failed to translate the automotive achievements into the consumer benefits which were supposed to result, but the meaning of such slogans as "Step Out Front . . . in a Rocket Action Olds" and "Look to Olds for the New" were made more understandable by the addition of this historical basis in fact.

Finally, the brochures were similar to both the advertising in mass-appeal publications and the messages in selective magazines in that the typical invitations to action were taken from both campaigns. The reader is first approached as a potential customer with the suggestion that he might actually wish to own a Toronado.

But, how presumptuous of us to think you'll be looking at someone else's Toronado! The next Oldsmobile Toronado you see could be your own.

If he could not be interested in the luxury sports car, he was also considered for one of the division's other models.

YOU'RE INVITED . . . to sample the excitement of a Toronado at your nearby Oldsmobile Dealer's. Or test-drive any one of 38 other glamorous Oldsmobile models for 1966, and see why . . . more than ever before . . . you can "Look to Olds for the New!"

Influencing the Influencer

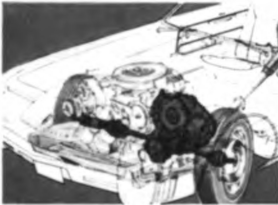
For the most part, the copy which was placed in specialty automotive magazines was refreshingly geared to its audience rather than made to serve a dual purpose as had been done with the mass-appeal and selective advertising which was often used interchangeably.

The Toronado had received a great deal of editorial space in automotive specialty magazines both before and after the introduction date. Consequently, the copywriters at D. P. Brother & Company apparently assumed that this audience was aware of the more obvious features of the car such as the front-wheel drive and radical styling for the advertisements in this portion of the campaign did not dwell on these factors as the other messages had done. In fact, one advertisement scheduled for an audience of opinion leaders disposed of the consideration of the car's styling with an illustration of the automobile over a headline asking (Figure 10):

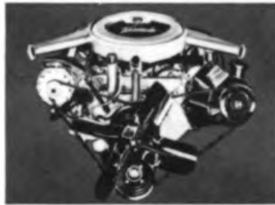
So what else is new?



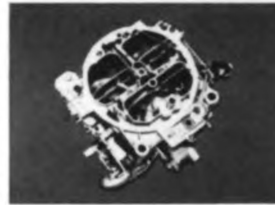
So what else is new?



New Front Wheel Drive puts the traction where the action is! Pulls rather than pushes—rides stable, corners flat!



New 385-hp Toronado Rocket V-8. 425 cubes big, 475 lb.-ft. of torque. Teams with Turbo Hydra-Matic.



New Quadrajet Carburetor provides 40% increased air capacity. Small-venturi primaries for added economy.



New Flat Floors. Tunnel's gone. Floors are flat, front and back. Center-seat passengers ride in solid comfort.



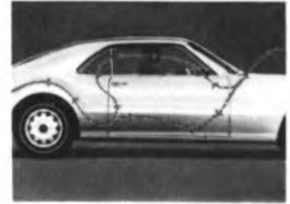
New Full-View Side Windows. No obstructions, no pillar. Toronado windows give you a clear view on both sides.



New Strato Seat (standard on Toronado Deluxe) features center fold-down armrest. You can order matching headrests.



New luggage compartment utility. With no gears in the rear, trunk floor is flat, too. Provides more usable space.



New draft-free ventilation. Air enters at two levels, circulates without noise or draft, leaves through rear louvers.

Oldsmobile Division, General Motors Corporation

*STEP
OUT FRONT
IN '66...in a Rocket Action Olds!*

TORONADO

Figure 10

The question was quickly answered with a series of illustrations depicting the car's front-wheel drive, engine, new carburetor, flat floors, full-view side windows, bucket seats, flat luggage compartment, and draft-free ventilation system. Even if the influencer failed to read the captions of explanation under each illustration, he would be aware of the Toronado's distinctive features on the basis of the illustrations alone. In this case, the advertisement's product-orientation cannot be criticized since the objective of the messages in specialty automotive magazines were primarily limited to providing ammunition for the influencer to use in long, and hopefully, attitude-molding conversations with those who sought his opinion of the Toronado.

However, the influencer forms his opinions, not only through advertising messages, but also through the more credible editorial content of the automotive specialty magazines. Consequently, the advertisement which appears in Figure 11 very wisely capitalized on the positive reactions which the car had received among automotive editors. The headline read:

Quote:
Unquote.

Quote:



Unquote.

Oldsmobile Division • General Motors Corp.

"1966 car of the year. . . never in the 14-year history of this award has the choice been so obvious and unanimous. . . not only the car of the year—but perhaps the decade. . . destined to become a classic in its own time."

—*Motor Trend*

" . . . will be the most talked about and biggest sensation of the entire model season."

—*Mechanix Illustrated*

"Toronado stands as breed apart..."

—*Automotive News*

" . . . the first truly new car in this decade . . . wins the beauty contest hands down."

—*Car & Driver*

"Top of the '66s: Olds Toronado—a dream car you can buy. . . will be a trend-setter for years to come."

—*Popular Science*

" . . . for careful, sound development and superior engineering . . . Car Life has selected the Oldsmobile Toronado for its 1966 Award for Engineering Excellence."

—*Car Life*

" . . . Olds Toronado is like no other automobile currently on the market. . . capable of outstanding performance under all possible road and/or weather conditions . . ."

—*Motorcade*

" . . . amazing stability and road-holding power over treacherous surfaces."

—*American Rodding*

" . . . outstanding technological feature of 1966."

—*Business Week*

" . . . an excellent automobile with a concept that may well be a trend-setter for all U.S. passenger cars."

—*Sports Car Graphic*

" . . . the big news for 1966 . . . one of the quietest cars on the road today."

—*Road & Track*

" . . . the most significant and technically interesting car to come out of the American auto industry in several years."

—*Car Craft*

" . . . breakthrough in front-wheel drive design . . . the most unusual American automobile to come along in many years."

—*Science & Mechanics*

"It is a major engineering achievement . . . a superlative performer."

—*Newsweek*

STEP OUT FRONT...in a Rocket Action **OLDSMOBILE!**

Every '66 model...Toronado inspired!

Figure 11

It was, of course, referring to the copy which consisted of a number of favorable quotations taken from several automotive magazines. In a sense, the advertisement provided a service to the interested influencer by collecting the opinions of several different magazines on one page. Since the influencer takes a great interest in learning about automobiles, this particular advertisement can also be excused for being exceedingly product-oriented and boastful.

Future Oldsmobile Advertising

The utilization of the Toronado as a selling point for the entire Oldsmobile line is apparently a long-term project. As the advertisement in Figure 12 indicates, the campaign for the 1967 product line is even more closely tied to the reputation of the Toronado than the 1966 campaign. One of the common threads which tie the 1967 campaign together is the slogan "Engineered for excitement . . . Toronado style." This represents an improvement over the "Toronado-inspired" and "Look to Olds for the New" slogans of the 1966 campaign because it interprets the meaning of the connection between the Toronado and the division's other products in terms of a consumer benefit; excitement. In addition, the relatively long trend toward a preference for sportier

Come drive Cutlass Supreme.

**Pride of the low-price field,
filled with quality features!**

Olds fashioned the Toronado look into five fabulous Cutlass Supreme models. Then in went good things Olds is famous for. A 330-cubic-inch Jetfire Rocket V-8, premium- or regular-fuel. Three-speed fully synchronized transmission is standard, or you can choose Jetaway automatic or four-on-the-floor. Five breathtaking interiors (buckets, if you like). Plus a long list of Oldsmobile availabilities including Climatic Combustion Control, Turnpike Cruising Package, front disc brakes. All at a price so modest it looks out of place on a car so luxurious!

The Rocket Action Cars are out front again!

Olds thinks of your safety, too, with the GM-developed energy-absorbing steering column that can compress on severe impact up to 8¼ inches; with four-way hazard warning flasher; outside rearview mirror; dual master cylinder brake system, plus many other safety features—all standard.

**OBEY
LAWS
DRIVE
SAFELY**

ENERGY-ABSORBING STEERING COLUMN

CLIMATIC COMBUSTION CONTROL

DUAL MASTER CYLINDER BRAKE SYSTEM

Engineered for excitement... Toronado-style!
'67 OLDSMOBILE

GM
MARK OF EXCELLENCE

(Dealer Name and Address)

SEE YOUR NEARBY OLDSMOBILE DEALER—THE MAN WHO HAS EVERYTHING FOR YOU: TORONADO • NINETY-EIGHT • DELTA 88 • DELMONT 88 • CUTLASS SUPREME • F-85 • VISTA CRUISER • 4-4

Figure 12

automobiles in all price classes suggests that an image of "excitement" is broad enough to appeal to all of the many market segments in which the various Oldsmobile products compete. Unfortunately, the slogan "Step Out Front . . . in a Rocket Action Car" was continued as "The Rocket Action Cars are Out Front Again" rather than being dropped all together to avoid the confusion of a multi-slogan campaign.

There were also improvements in the product mix which suggested that the attempt to cast an innovative image over the whole line was more appropriate in 1967 than it was in 1966. In the first place, there was a conscious effort to style the full-size Oldsmobile so that it was more closely related to the Toronado than it had been in the past. This should lend more credence to the "Toronado-style" claim which was made on behalf of the standard line. Secondly, the division has apparently embarked on a product strategy which will make more innovations available on the standard models. In 1967, for example, the division offered Climatic Combustion Control, an option designed to warm a cold engine rapidly. This was an innovation which, unlike front-wheel drive, was made available on every model. Consequently, the features which the Toronado alone offered were no longer the only basis for

claiming that all Oldsmobile models were engineering leaders.

In terms of copy style and layout, the 1967 Oldsmobile campaign was very similar to the 1966 advertising. The copy was still highly product-oriented as indicated by the headline in the advertisement appearing in Figure 12.

Come drive Cutlass Supreme.
Pride of the low-price field, filled with quality features!

In addition, the layouts used in the 1967 campaign remained the same as those which had been used in the past. The distinctive Toronado was still not provided with its own distinctive layout.

CHAPTER VI

THE SUCCESS OF THE TORONADO

Matching the Consumer Profile with Actual Buyers

Oldsmobile's Market Analysis Department made a number of predictions regarding the consumer profile of the Toronado buyer before the car was introduced (Chapter IV). It was estimated that the buyers of 1966 Toronados would be in their late thirties or early forties, that a very larger proportion would be earning between \$10,000 and \$25,000, that a great share of these buyers would be professional, executive, and managerial, and that better than half of them would have attended college. By late August of 1966, Oldsmobile executives were convinced that their predictions were very accurate. As the divisional market analysis manager stated, "Toronado sales to date indicate we are filling a need successfully and hitting the market dead center".¹

An independent study surveying the buyers of the new Toronado during the month of November of 1965 supports the contention that the division's research was on target in defining the characteristics of the potential customer. The study found that a full 93% of November buyers of the

¹Letter, Flanders.

new luxury sports car earned \$10,000 or more annually. As Table 22 indicates, 32% of the respondents in the study reported that they

TABLE 22. -- Approximate annual family income of
November Toronado buyers

<u>Income</u>	<u>Percent of All Respondents</u>
\$25,000 and over	42%
\$20,000 to \$24,999	16
\$15,000 to \$19,999	16
\$10,000 to \$14,999	19
\$ 7,500 to \$ 9,999	5
Under \$7,5000	2

Source: Erdos & Morgan Research, Inc., Toronado
Buyers, sponsored by TIME magazine.

had incomes in the \$10,000 to \$24,999 income bracket which Oldsmobile researchers had pinpointed as the luxury sports car market. However, an even greater 42% of the respondents made \$25,000 or more. The discrepancy between this income group and the one estimated by Oldsmobile for the luxury sports car market as a whole may well have been due to the fact that the Toronado was priced somewhat higher than other

automobiles in this market. Consequently, the income of the average consumer could be expected to range somewhat higher than those of luxury sports car buyers in general.

Similarly, the age distribution of November purchasers of the Toronado tended to range somewhat higher than the Oldsmobile study had indicated. As Table 23 indicates, 55% of the respondents

TABLE 23. -- Age distribution of November
Toronado buyers

<u>Age</u>	<u>Percent of All Respondents</u>
18 to 24	2%
25 to 34	13
35 to 44	30
45 to 54	35
55 or over	20

Source: Erdos & Morgan Research, Inc., Toro-
nado Buyers, sponsored by Time magazine.

were 45 or older. The median age of the sample of November buyers was 47 years. On the other hand, the Oldsmobile study estimated that the potential customer would be in his late thirties or early forties.

The November buyers of the Toronado were, as the Oldsmobile study predicted, very likely to have at least attended college. As Table 24 shows, 68% of the respondents had attended college. This

TABLE 24. -- Education of November Toronado buyers

<u>Education</u>	<u>Percent of All Respondents</u>
Post Graduate Study	22%
College Graduate	21
Attended College	25
High School Graduate	21

Source: Erdos & Morgan Research, Inc., Toronado Buyers, sponsored by TIME magazine.

was even greater than the 50% estimate made by Oldsmobile researchers. In addition, a total of 89% had at least completed high school and 21% claimed to have finished college.

The Oldsmobile study found that most of the owners of luxury sports cars in its sample were professionals, executives, or managers and the respondents from the November study supported this contention among Toronado buyers. Table 25 indicates that 82% of businessmen who bought

Toronados in November of 1965 were in the top positions of their businesses. Specifically, 53% of these people were owners, partners,

TABLE 25. -- Occupation of November Toronado buyers

<u>Occupation</u>	<u>Percent of all Respondents in Business</u>
Top Management	53%
Other Managers	20
Professional & Technical	9

Source: Erdos & Morgan Research, Inc., Toronado Buyers, sponsored by TIME magazine.

presidents, corporate officers, or general managers. A total of 72% of the November purchasers were in business and 17% were from one of the Professions.²

The Oldsmobile study also concluded that the buyers of luxury sports cars were primarily interested in styling, performance, riding comfort, and handling in order of preference. In fact, styling and the superior handling characteristics made possible by front-wheel drive constituted the major theme of the advertising campaign. Interestingly, when asked

²Erdos and Morgan Research, Inc., Toronado Buyers, A report sponsored by Time Marketing Information (New York: Time Inc., 1966), p. 4.

what features of the car caused Toronado buyers to make their purchase, styling ranked very high but performance did not seem to be as important as divisional marketers had anticipated. As Table 26 indicates, 52% of the respondents were favorably impressed by the styling of the new Toronado, but a slightly larger 53% were

TABLE 26. -- Features which influenced November Toronado customers in their purchase

<u>Influence</u>	<u>Percent of All Respondents</u>
Front-wheel Drive	53%
Looks, Styling	52
Unique, Different, New Design	24
Driving, Handling	10
Roominess	6
Performance	6
Owned Oldsmobile Before	5
Flat Floors	4

Source: Erdos & Morgan Research, Inc., Toronado Buyers, sponsored by Time magazine.

pleased with the front-wheel drive. This is interesting since the only real advantages of front-wheel drive are the handling and roominess

characteristics which result, yet these two considerations were not greatly important to the customer according to the findings of the study. This suggests that front-wheel drive, like styling, was popular largely because it was a distinctive feature rather than because of the advantages it offered. Distinctive styling and engineering seemed to be by far the most important considerations for the customer and the advertising theme was right on target with its emphasis on these two factors.

On the whole, Oldsmobile marketers seem to have been very close in their estimates of the profile and attitudes of the Toronado customer. However, it must be noted that the study of Toronado owners included only those who purchased during the month of November in 1965. Consequently, while the sample of November registrants of new Toronados was randomly selected, it still only included those who bought in that month which undoubtedly biases the study. These buyers were the innovators of the luxury sports car market and may well have been wealthier and, consequently, more daring than later buyers. Since wealth is often directly related to age and education, the early buyers of Oldsmobile's new model may also have been older and better educated than the latecomers. If the average for these characteristics for the entire year are lower than the study tends to indicate, however, they

would be likely to make the Oldsmobile research even more accurate.

Divisional marketing executives were surprised to find that the number of Toronado buyers who traded in a medium-priced automobile was much higher than had been estimated.³ The study of November buyers found that more than twice as many customers traded in an Oldsmobile or Pontiac product than turned in any of the prestige or luxury sports car combined. A disturbing 42% of November buyers of Toronados traded in an Oldsmobile which was, by far, the car most likely to have been previously owned by the customer. It is likely that Oldsmobile would have lost some of these customers to a competitive model in the luxury sports car market if the Toronado had not been introduced. In fact, in 1965, 7.5% of the luxury sports car buyers in one sample had previously owned an Oldsmobile.⁴ From a comparative point-of-view, 48.6% of Buick Riviera sales and only 16% of Ford Thunderbird sales came from former Buick and Ford owners respectively in 1965.⁵ Consequently, Oldsmobile has had more success in drawing new customers as a percentage of all Toronado sales than Buick had a year earlier, but

³Interview, Flanders.

⁴The Buyers of 1965 Luxury Sports Cars, p. 18.

⁵Newsweek's 1965 Census of New Car Buyers, p. 13.

much less success than Ford. However, since the study included only the early buyers of the Toronados, it may be that those who had previous experience with Oldsmobile products were accounting for this large portion of early sales because they had relatively more confidence in the division. If so, the percentage of owners who formerly owned another Oldsmobile model should decline.

Sales as a Measure of Toronado Success

The original sales projection for the Toronado was 60,000 units for the 1966 model year. By the end of the fourth quarter of 1965, 10,881 Toronados had been sold. Soon, Oldsmobile raised production of the luxury sports car to 5,000 units and divisional marketeers were estimating that sales might reach 70,000 cars.⁶ However, the Toronado's initial success quickly faded and the luxury sports car closed out the model year at only 49,063 units, after a series of fluctuations in the sales curve.⁷

Through October 1966, automotive sales had declined approximately 8.5% from the same period in 1965. The luxury sports car market, however, increased by approximately 26.8% counting Toronado sales

⁶Business Week, March 12, 1966, p. 133.

⁷"Specialty Oldsmobile Toronado," *Motor Trend*, Vol. XVIII (November, 1966), p. 42.

and it gained about 1000 units in a declining total market not including Toronado sales.⁸ As Table 27 indicates, the Toronado captured only

TABLE 27. -- Calendar year production of 1966 luxury sports cars to October 15, 1966

<u>Model</u>	<u>Calendar Year Production</u>
Oldsmobile Toronado	30,896
Ford Thunderbird	51,481
Buick Riviera	36,998

Source: Automotive Manufacturers Association.

a little better than 26% of this market which, narrowly defined, contained only three products. For the entire model year, the car's sales were more than 22% under the predicted volume. Obviously, the Toronado had not achieved the success which had been expected.

The sales volume which was achieved was apparently equally divided between the luxury sports car market and the "prestige" market. Nearly 27% of those who purchased a Toronado said that they had also considered one of the other luxury sports cars although only 13% had actually owned

⁸"Motor Vehicle Production," Prepared by the Automobile Manufacturers Association (Automobile Manufacturers Association, Detroit, Mich: October 15, 1966).

a luxury sports car before buying the Toronado. The "prestige" cars were considered for purchase by 23% of the Toronado buyers, but only 11% had actually owned a "prestige" car when they bought the Toronado.⁹ Obviously, this study indicates that it was the newcomers to these two markets, rather than those who had been in the segment before, who were taking the greatest interest in the automobile. These people had owned the traditionally medium-priced car before buying the Toronado. Including the Oldsmobile, nearly as many sales came from buyers who had previously owned a medium-priced car as from those who had owned a "prestige" or luxury sports car combined.¹⁰ This consumer behavior pattern suggests that media strategists take these medium-priced car buyers into consideration in their future planning.

The introduction of the Toronado had an objective beyond the sales of the luxury sports car. It was also used as a marketing and advertising device to rejuvenate the Oldsmobile image for engineering leadership and, as a result, increase sales. As Table 28 indicates, the 1966 Oldsmobiles regained a lead over Buick which had been lost a year earlier. On a model year basis, Oldsmobile increased its market

⁹Toronado Buyers, pp. 9-10.

¹⁰Ibid.

share from 6.6% during the 1965 model run to 7% for 1966. While Oldsmobile sales were down 3.9%, sales for the industry as a whole had dropped a larger 4.1% during the same period.¹¹ Consequently,

TABLE 28. -- Total calendar year production for GM "medium-priced" cars to October 15, 1965 and 1966

<u>Model</u>	<u>1966</u>	<u>1965</u>
Oldsmobile	452,401	493,689
Pontiac	662,013	663,555
Buick	434,085	502,823

Source: Automobile Manufacturers Association.

the division was successful in bettering its competitive position.

Advertising Success

In November of 1965 D. P. Brother & Company placed the five-page, four color advertisement shown in Figures 13 and 14 in Reader's Digest to introduce a massive audience to the new Toronado. According to a subsequent readership study conducted by Daniel Starch, "more men saw the announcement ad . . . than ever saw any single ad in any single issue of any magazine."¹² The study found that a full 87% of

¹¹Detroit Free Press, September 16, 1966, p. 11B.

¹²Letter from Mr. Gregory Moffitt, Assistant Account Executive, D. P. Brother & Company, October 24, 1966.

*STEP
OUT FRONT
IN '66...in a Rocket-Action Olds!*
TORONADO



Speculation's over. Toronado's here! Latest example of Oldsmobile engineering leadership—only full-size car with front wheel drive. Six-passenger spaciousness. Up-front traction, 425-cubic-inch, 385-hp V-8 action. Flat floors.

Full-view side windows. Concealed headlamps. Unique, draft-free ventilation system. The year's most advanced styling. All on a big road-leveling 119-inch wheelbase. Rumor's over. Toronado's here! **LOOK TO OLDS FOR THE NEW!**



Only Toronado looks this new...rides this new...drives this new!



OLDSMOBILE DIV. OF GENERAL MOTORS CORP.
 P.O. BOX 10000, DETROIT, MICH. 48202

Figure 13



Headliner of the Oldsmobile Rocket Action fleet!

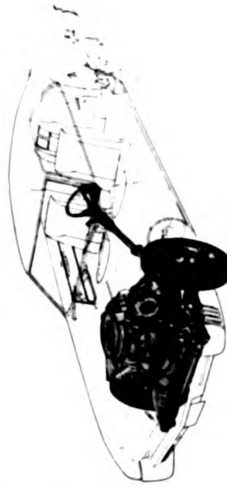
Car of the year in everybody's book. That's Toronado! See it soon—and all the Oldsmobiles for 1966. Elegant Ninety-Eights. Action-packed '88s. Budget-priced F-85s. Roomy Vista-Cruiser and F-85 wagons. The sporty Starfire, the 4-4-2s and the Cutlass models. This year there's sure to be a Rocket to fit your pocket. It's a great year to step out front in a Rocket Action Olds!

Oldsmobile takes the
wraps off America's newest and
most advanced automobile
TORONADO

TORONADO

The new one-of-a-kind car... engineered by
OLDSMOBILE

Oldsmobile started from scratch on this one. Designed an entirely different kind of car right from the ground up. Unlike any other in looks, performance and engineering advancements. It's here now—Toronado by Oldsmobile—only full-size car with front wheel drive. Once you see it and drive it, you'll know for a fact: The only thing Toronado shares with any other car is the road!



Front wheel drive
puts the traction
where the action is!

Tornado Rocket V-8 feeds power to front wheels via Turbo Hydra-Matic. Result: Toronado pulls (rather than pushes) you through tightest turns. Improves traction and stability. Reduces vibration and noise.

Open this page for more about Toronado ▶

Figure 14

men sampled had "noted" the November advertisement and 26% "read most" of the brief copy blocks. Women, on the other hand, did not take as great an interest. Only 3% "read most" of the Toronado message while 61% "noted".

In addition, agency personnel maintain that Toronado studies, presumably the highly confidential GM advertising effectiveness research, have convinced them that there has been a marked increase in favorable consumer attitudes toward Oldsmobile's "engineering leadership".¹³

On the basis of the direct advertising studies, the campaign was successful to the extent that the introductory advertisement was well-read and the divisional image for "engineering leadership" improved among the members of the research sample. Oldsmobile's increase in market share cannot be attributed to the success of the campaign because of the vast number of other marketing variables, shifting consumer attitudes, and competitive strategies which intervene. It can be said, however, that the campaign did not sell many Toronados.

¹³Letter, Corradi.

SUMMARY

The purpose of the introduction of the Toronado appears to have been two-fold. Obviously, Oldsmobile executives wanted to foster an automobile which could profitably compete in a market to which they were losing customers each year and the evidence suggests that the high-priced luxury sports car market could support another product. The production of automobiles retailing for \$4000 or more increased nearly 30.1% between 1964 and 1965 and at least one study discovered that 17.1% of the buyers in the larger medium-priced automobile market planned to trade up to one of the traditionally high-priced cars in the near future. More specifically, the market for luxury sports cars has held a relatively stable share of industry production in an expanding total market. Consequently, the market appeared to be able to support profitably another luxury sports car.

However, the evidence indicates that the Oldsmobile Division needed to rejuvenate its image of "engineering leadership." Independent research shows that Oldsmobile ranked only seventh among respondents who were asked which car was "best engineered." In addition, the division has not been experiencing the growth rate which

both Pontiac and Buick have enjoyed over the past few years and its sportier, more youthful models have enjoyed only moderate success in a market which has been demanding such sporty cars above all others.

The evidence also suggests that the Toronado advertising campaign was designed to use the luxury sports car to help re-build the image of "engineering leadership" for the entire division. A great deal of Toronado advertising was placed in mass-appeal media which reached large numbers of readers and viewers who were actually not potential customers for the Toronado. In addition, the copy strategy in the campaign consistently drew the relationship between the Toronado and its fostering company and Oldsmobile's numerous conventional models were referred to as "Toronado-inspired" in the copy which was scheduled on their behalf. Finally, the layouts for the luxury sports car's campaign were identical to those used for every model under the division's brand name. In short, every effort was made to use the new model to strengthen the image of Oldsmobile Division for engineering excellence and leadership.

Unfortunately, there were a number of problems involved in the attempt to accomplish two objectives with the Toronado advertising during the first year. In the first place, the use of a newly introduced

product to support the rest of the line before it has firmly established itself in the marketplace and in the minds of the consumer is of dubious value. The consumer had not been given time to become adequately familiar with the value of "Toronado-inspiration" as it was applied throughout the line of Oldsmobile products. Secondly, there are a number of price- and size-ranges in the various Oldsmobile lines. An attempt to create a broad, nebulous image of "Toronado-inspiration" to cover all of these conventional divisional models failed to aid each line in the development of a "personality" of its own. Most importantly, however, the attempt to make the Toronado serve as the symbol of "engineering leadership" for the entire division diluted the effort to establish the "personality" of the new luxury sports car itself. A full 79.7% of all 1965 luxury sports car buyers indicated that they preferred a car with more distinctive styling. Yet, in an attempt to use the Toronado to re-build the divisional image, the advertising strategists placed the Toronado in the same layouts used by conventional models and suggested that these more conventional models were really "Toronado-inspired." The result, of course, was a detraction from the inherent distinctiveness of the luxury sports car. The product-oriented copy messages could not develop the fact that Oldsmobile had initiated

an innovation and transmit a successful "personality" for the model in terms of consumer benefits during the same introductory campaign. The fact that the 60,000 unit forecast for the Toronado proved to be over-optimistic by nearly 20,000 units offers partial support for this contention.

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