

## BRAND DESTRUCTION IN THE AUTOMOBILE INDUSTRY

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Beginning in the 1990s, the “branding experts” in the automobile industry set out on a path to eliminate names for many models, particularly luxury cars, and replace most of the names with three-letter designations. While it is difficult to pinpoint the exact reason behind this branding strategy, the main catapult seems to be that Mercedes-Benz and BMW did not have names for their models, but letters or number, respectively. In view of the sales success of these luxury car makers, their competitors in the automobile industry set out to emulate the leaders’ branding strategy. However, in pursuing a branding strategy similar to that of Mercedes-Benz and BMW, the automobile industry destroyed iconic brand names, and created confusion among consumers by choosing in many cases three letter model names that no consumer can remember.

The first Japanese luxury brand in America was Acura, Honda’s luxury name.<sup>1</sup> Acura’s flagship car, the Legend, had a revolutionary design. When Toyota and Nissan launched their luxury brands in America—Lexus and Infiniti, respectively—they did not assign model names to their cars, but designated each car with a combination of numbers and letters.<sup>2</sup> At some point in the 1990s, Acura decided to eliminate the model names from its car, including Legend, Integra and Vigor.<sup>3</sup> Today, no Acura models have name, but instead three letter designations such as MDX, RDX, TLX, ILX, and RLX.<sup>4</sup>

Acura is not alone in abandoning iconic model names on its cars for three-letter designations. Lincoln and Cadillac abandoned iconic names such as Seville, Deville, Continental, and Mark.<sup>5</sup> At some point even Cadillac engines had their own names, such as the V8 Northstar engine.<sup>6</sup> Today, most consumers cannot remember the Cadillac model designations (CTS, ATS, XTS), much less the name of the engine inside. Lincoln, like Cadillac has also pursued labeling its cars with confusing three-letter designations that no one can remember (MKC, MKX, MKS, MKT, MKZ).<sup>7</sup>

One glimmer of hope for Lincoln is that it appears Lincoln has decided to revive the Continental name. Cadillac, however, appears to be switching to two-letter designations that are similar to the designations on BMW, *e.g.*, a new SUV similar to that of BMW’s X5 that will be called XT5<sup>8</sup>.

The only Cadillac model that has a name is an SUV, Escalade.<sup>9</sup> Escalade is by far Cadillac’s most successful and profitable vehicle.<sup>10</sup> Escalade is so successful that some advocate that it should be its own

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<sup>1</sup> <https://en.wikipedia.org/wiki/Acura>

<sup>2</sup> <http://www.automobilemag.com/features/magazine/1410-lexus-and-infiniti-at-25/>

<sup>3</sup> [http://www.forbes.com/2003/04/01/cz\\_jf\\_0401flint.html](http://www.forbes.com/2003/04/01/cz_jf_0401flint.html)

<sup>4</sup> <http://www.acura.com/AllVehicles.aspx#~pD7jGbDz7kV2sH>

<sup>5</sup> <http://www.cheersandgears.com/topic/5922-lincoln-abandons-names-mostly/>

<sup>6</sup> [https://en.wikipedia.org/wiki/Northstar\\_engine\\_series](https://en.wikipedia.org/wiki/Northstar_engine_series)

<sup>7</sup> <http://www.lincoln.com/>

<sup>8</sup> <http://www.cadillac.com/future-vehicles/xt5-crossover.html>

<sup>9</sup> <http://www.cadillac.com/future-vehicles/xt5-crossover.html>

<sup>10</sup> <http://www.freep.com/story/money/cars/mark-phelan/2016/02/06/cadillac-escalade-grow-more-luxurious-advanced/79389736/>

separate brand, since apparently a successful brand on a car is too good to be true and overshadows the main brand of the car company.<sup>11</sup> The success of Escalade, and the failure of other Cadillac's vehicles branded with letters and numbers illustrates that this whole branding strategy of eliminating names on cars for letter and number designations is a failure. The most successful vehicle in the Cadillac line-up is the one that has a name. A vehicle having a name by no means secures success, but elimination of iconic model names from cars for some hard-to-remember letter or number designation has no justification.

While elimination of names from car models has been limited mostly to luxury cars, one auto manufacturer is an exception, Mazda.<sup>12</sup> Ask anyone what Mazda car you would love to drive, and almost everyone would say Miata. No one can imagine a better name for Mazda's fun convertible. The name Miata is simple, rhymes with Mazda, and has a chic pronunciation. A large proportion of the population is fond of the Mazda Miata. Yet, Mazda decided to eliminate the name Miata from its car, to call it MX-5.<sup>13</sup> After a huge backlash, now Mazda on its website calls the car we knew as the Miata as "MX-5 MIATA."<sup>14</sup> We cannot just call it with the name we love, Miata.

Then there was the Ford Taurus. For years, Ford Taurus was the pride of America. It was the car that dethroned the Japanese for the best-selling sedan in America.<sup>15</sup> Then Ford botched up the design of the Taurus by making it too round. The overly-round Ford Taurus was too unique in design to appeal to a large segment of the population, and its sales went down.<sup>16</sup> What did Ford decide to do in response after spending so much money to advertise the Taurus name? Abandon the Taurus name. When Alan Mulally came on board from Boeing to be the CEO of Ford, he had the Taurus name reinstated:

I arrive here, and the first day I say, 'Let's go look at the product lineup.' And they lay it out, and I said, 'Where's the Taurus?' They said, 'Well, we killed it.' I said, 'What do you mean, you killed it?' 'Well, we made a couple that looked like a football. They didn't sell very well, so we stopped it.' 'You stopped the Taurus?' I said. 'How many billions of dollars does it cost to build brand loyalty around a name?' 'Well, we thought it was so damaged that we named it the Five Hundred.' I said, 'Well, you've got until tomorrow to find a vehicle to put the Taurus name on because that's why I'm here. Then you have two years to make the coolest vehicle that you can possibly make.'

<sup>17</sup> Alan Mulally stated that he was in total shock to see the Taurus name missing from the Ford line-up and insisted on the resurrection of the name.

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<sup>11</sup> <http://www.trucktrend.com/news/1412-cadillac-brand-chief-escalade-brand-in-its-own-right/>

<sup>12</sup> <http://www.mazdausa.com/MusaWeb/displayHomepage.action>

<sup>13</sup> <http://blog.consumerguide.com/mazda-announces-next-gen-mx-5-miata/>

<sup>14</sup> <http://www.mazdausa.com/MusaWeb/displayHomepage.action>

<sup>15</sup> [https://en.wikipedia.org/wiki/Ford\\_Taurus](https://en.wikipedia.org/wiki/Ford_Taurus)

<sup>16</sup> *Id.*

<sup>17</sup> <http://www.fastcompany.com/1573670/what-other-automakers-can-learn-alan-mulally>

Perhaps the most dubious branding strategy goes to Chrysler. Chrysler did what people advocate Cadillac should do with Escalade, which is to make the model name a separate brand. The Dodge Ram pickup sells well and has a good profit margin. Perhaps it was too good for the rest of Dodge line-up. Chrysler made Ram its own brand, and separated it from Dodge.<sup>18</sup> And now Chrysler has gone even further in its dubious branding strategy by eliminating the “Caravan” name from its new minivan.<sup>19</sup> Chrysler invented the minivan, and Chrysler’s Dodge Caravan was the first minivan, the minivan that we grew up with in America.<sup>20</sup> For years, Chrysler marketed the Dodge Caravan as “America’s Best-Selling minivan.” And now Chrysler has suddenly abandoned this brand, for the name “Pacifica.”<sup>21</sup> Pacifica was the name of an SUV Chrysler sold about 10 years ago.<sup>22</sup> *Consumer Reports* rated the Chrysler Pacifica with an extremely low consumer satisfaction of 48/100, one of the lowest ratings in the magazine’s database for the consumer satisfaction survey.<sup>23</sup> So Chrysler eliminated the iconic Caravan name for the name of a SUV that was basically a failure.

Lastly, Mercedes has jumped on the bandwagon, by now labeling its SUVs with three-letter model names (GLA, GLC, GLE, GLS).<sup>24,25</sup> Gone is the iconic M class that started Mercedes’ SUV business in America.<sup>26</sup> Now when we think about a Mercedes SUV, we have to correlate the GL with one of Mercedes’ sedans, C, E, or S class. Mercedes’ G class, however, keeps its name and retails for over a \$100k. *Id.* So we get a discount from Mercedes when it adds two additional letters to the G class’s name since the GLC retails for \$40k instead of over \$100k for G.

Rather than considering model names as an asset, the automobile industry seems to make the brand names a scapegoat for all of their failures. Neither American firms Lincoln or Cadillac nor Japanese maker Acura have enjoyed success after abandoning their model names for three-letter designations.<sup>27</sup> While there is no justifiable excuse for eliminating model names as the automobile industry has, the replacement of the model names with three-letter designations that no one can remember is simply insane. Most consumers have a difficult time remembering a three-letter model designation. The chance of a consumer remembering a three-letter designation is 1/16576 (one in 26<sup>3</sup>, or 26 x 26 x 26, the number of three-letter permutations of 26 letters in the alphabet), which is to say, negligible. Maybe the point of the three-letter designations on the cars is that no consumer would be able to remember them, so that in no way the three-letter model designation can overshadow the actual brand of the car company.

Someone save the automobile industry from this Legend-less, Caravan-less, Seville-less, Dodge-less, MX5-Miata, GL something, three-letter name insanity.

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<sup>18</sup> <http://blogs.wsj.com/corporate-intelligence/2015/01/13/ram-really-wants-you-to-know-its-a-ram/>

<sup>19</sup> <http://www.freep.com/story/money/cars/detroit-auto-show/2016/01/11/2017-chrysler-pacifica-minivan-monumental-leap/78336620/>

<sup>20</sup> <https://en.wikipedia.org/wiki/Minivan>

<sup>21</sup> [https://en.wikipedia.org/wiki/Chrysler\\_Pacifica\\_\(CS\)](https://en.wikipedia.org/wiki/Chrysler_Pacifica_(CS))

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> [https://www.mbusa.com/mercedes/vehicles#!layout=/vehicles/showroom/SUV\\_WGN&waypoint=SUV\\_WGN](https://www.mbusa.com/mercedes/vehicles#!layout=/vehicles/showroom/SUV_WGN&waypoint=SUV_WGN)

<sup>25</sup> <http://www.loebermotors.com/clp-2016-mercedes-benz-gle-vs-mercedes-benz-m-class>

<sup>26</sup> *Id.*

<sup>27</sup> <http://www.autonews.com/article/20150316/RETAIL01/303169995/tier-2-luxury-brands-struggle-to-compete-with-elite-germans-lexus>