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BRAND MANAGEMENT AT GENERAL MOTOR'S EUROPE

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JEL Classification

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Abstract

Brand is a trustworthy, relevant, and distinctive promise to the consumer. The Brand Manager must understand that he is responsible for the building of long term brand equity and he must keep the brand from both a Strategic and Tactical standpoint.

The strategy of Adam Opel AG is focused on brand equity because it is important to add value for customer from products and services. The total sum of all the benefits, features, and associations, both functional and non-functional that make a brand competitive and distinctive in its market is the process of Brand Positioning. I made a study at Adam Opel AG in particularly at European Business In this study are observed the main tasks and responsibilities of each member of the team. The European Business Team has a lot of influence over the company which is a Marketing lead company. Brand Management is the management of the marketing value chain to consistently build brand equity, market share and profitability. In present, it is shifting our focus to brands, which include all the five "P"s of marketing: Product, Price, Place, Promotion and People. Our vehicles will always be a critical factor to our success. We are simply going to enhance our market potential by building on our brands at both the umbrella and vehicle line levels.

1. INTRODUCTION

The headquarters for General Motors Europe is in Zurich, Switzerland. This office has the responsibility for strategic coordination, in providing business expertise and in defining individual brand roles in GM's multibrand approach. Part of the coordinating responsibility is to ensure that the Opel, Vauxhall, Saab, Cadillac, Chevrolet, Hummer brands and their products meet varied customer expectations in a diverse and changing market.

Today, General Motors Europe has sales operations in over 30 countries and 23 production and assembly facilities for passenger cars, commercial vehicles and components in 14 countries in Western, Central and Eastern Europe with major production sites in Germany, United Kingdom, Belgium, Spain and Sweden. General Motors Europe employs nearly 9000 people. Many additional directly related jobs are provided, over 7300 by Opel Vauxhall and 1100 by Saab independent sales and service outlets in more than 40 countries and by thousands of Europe companies which supply goods and services to these operations.

Adam Opel is a small part of American Firm General Motors but still very stable and well defined being situated in Russelsheim (Germany built around a railway line having its own railway station). The company is very near to Frankfurt airport (about 20 minutes by train or by car). In 1899, Opel starts its automobile production in Russelsheim at a rate of eleven vehicles a year. Today, Opel ranks among Europe's most successful automotive manufacturers, selling cars all over the globe. In Europe, alone, the annual number of newly registered Opel vehicles (Vauxhall in the United Kingdom) totals just over 1,2 million units. Outside Europe, products bearing the Opel Brand-including vehicles based on Opel technology-are manufactured in thirteen plants on four continents. About over 40000 people work at Opel's German locations in Russelsheim, Bochum, Kaiserslautern and Eisenach and in the other plants and development centres in seven European countries. Based on a survey conducted by German Automobile Industry

Federation (VDA) Opel accounts for about 300.000 direct and indirect jobs nationwide provided by over 6500 dealers and service sites.[1]

Opel has remained faithful to its hometown of Russelsheim, where all national and international activities are coordinated. Besides production and the central corporate divisions, Russelsheim is also home for Opel's think tank, the International Technical Development Centre. Here, more than 8500 engineers, technicians and specialized personnel meet the challenge of developing sophisticated, innovative automotive solutions that deliver exceptional value. The ultimate goal of all development activities is to maintain environmentally responsible and affordable mobility [2].

1.1. The organisational structure of European Business Team

The European Business Team is located in Adam Opel AG. Its organizational set-up is similar to a work group. There are eight teams in total. Each team represents an individual car line such as:

- Corsa; Astra; Agila; Antara; Insignia; LCV(Light Commercial vehicles: Zafira, Meriva, Combo, Astra Delivery Van and others Vans); Cross Car Line (responsible for matters concerning the interaction between the car-lines).

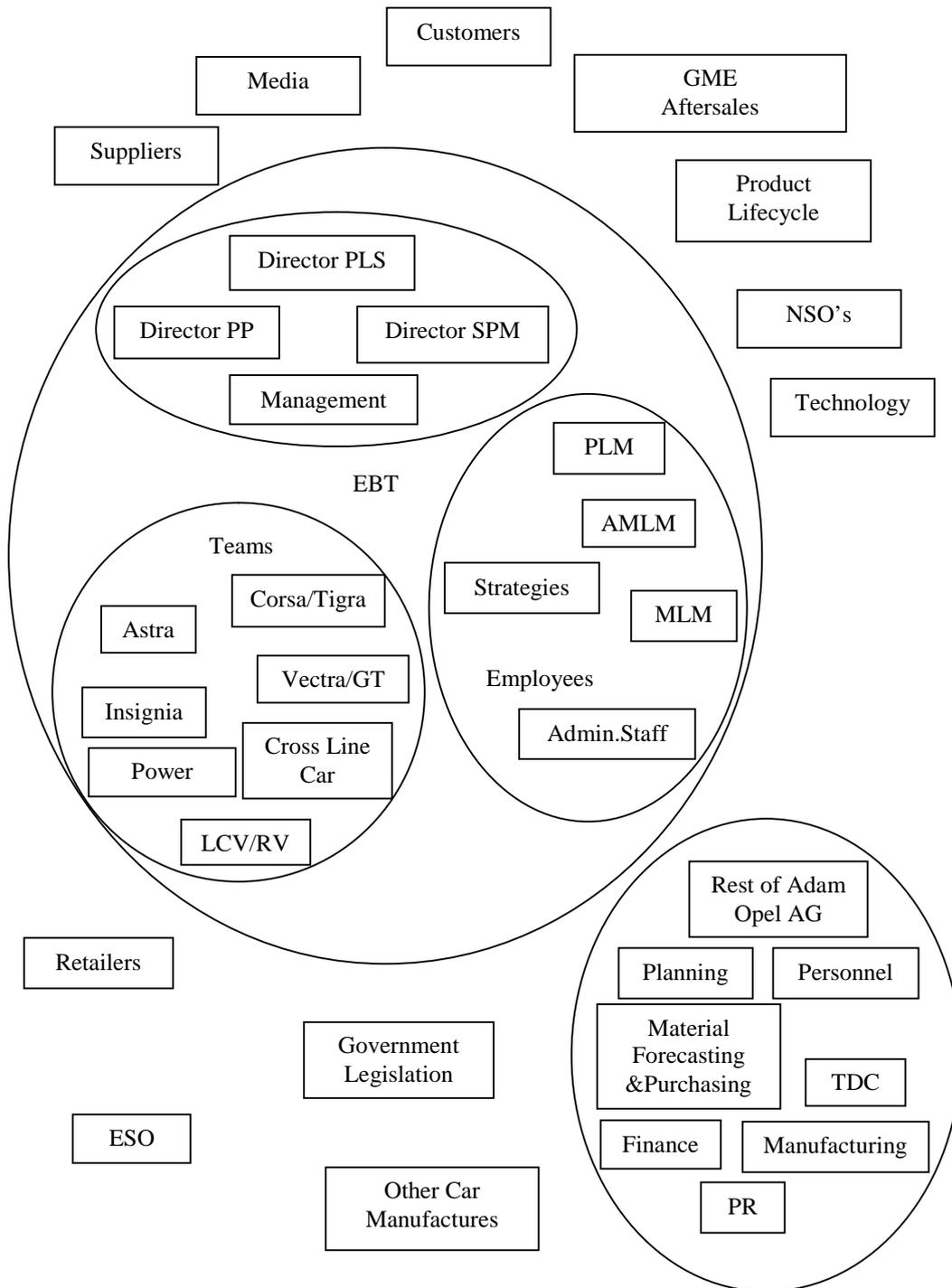
The Product communication includes Product Update. The information regarding product Update came from many different sources. Most of the information, however, came from the Platform Business Team.

The Platform Business Team meeting takes place every three weeks. Participants include one representative from each of the following departments:

- European Brand Team; Design; Planning; MPCE (Material Forecast); Purchasing; Ordering & Distribution, Aftersales; Type Approval; Finance; Marketing ; PE(Product Engineers)

1.1.1. System Map

This System Map shows the European Business Team, its subsystem and entities in its environment



Source: Internal Document European Business Team Adam Opel AG

Legend:

PLS – Personal Labour Relationship
 PP – Product Program
 SPM – Strategic Director of Product Marketing

PLM – Product Line Manager
 AMLM – After Sales Line Manager
 MLM – Marketing Line Manager
 ESO- European Sales Operations
 PR – Public Relation
 TDC – Technical Design Centre

NSO- National Sales Operations

2. THE RESEARCH OF THE BRAND MANAGEMENT SYSTEM VISION

A brand is created by augmenting a core product with distinctive values that distinguish it from competition. To understand the notion of brand values, we first need to understand the difference between features and benefits. A feature is an aspect of a brand that may or may not confer a customer benefit. Core benefits derive from the core product. Successful brands are those to create added value that distinguish one brand from another. Successful brands are those which create a set of brand values that are superior to other rival brands. So brand building involves a deep understanding of both the functional (e.g. ease of use) and emotional (e.g. confidence) values that customers use when choosing between brands, and the ability to combine them in a unique way to create an augmented product that customers prefer. This unique, augmented product is what marketers call the brand. Managing brands involves the constant search for ways of achieving the full brand potential [4].

Brand Management is the management of the marketing value chain to consistently build brand equity, market share and profitability.

Strong brands are that brands which:

- make money and create shareholder value;
- differentiate similar products from competition;
- add value to the actual product in the mind of the consumer;
- build enduring relationships with customers;
- create strong platforms for new product introductions.

It is necessary also to focus on building brand equity (the value of the brand promise) because this will have the next results:

- creates value for customer and for company;
- minimizes dependence on price based competition and allows the development of premium price positioning;
- allows to achieve high levels of awareness;

- improves the value of the dealer's business;
- enables companies to withstand short term competitive actions;
- provides companies with repeated loyalty.

In conclusion, Brand Management creates value by building brand equity in two ways:

- focusing on managing the promise to the customer / combines emotional and rational benefits;
- generating opportunity for price premium and/or volume growth.

The Brand Management System Vision will be achieved by:

- developing a common information framework, common processes and common measures;
- establishing a closer working partnership between regional and local marketing units;
- developing umbrella/vehicle line brand strategies regionally and executing them locally;
- managing product strategies regionally and strengthening global voice of customer coordination. In our case, there were set up groups of people who come from various disciplines and organizations within General Motors Europe and General Motors International Operations to refine the vision by developing the substance and detail of the Brand Management System.

Spearheading the organization, it's new focus on brands is the regional vehicle line Brand manager (when reference is made to "Regional" this refers to GM Europe). This position will be held by a senior member of management and will be supported by a dedicated Regional Brand Team and by the local Brand Managers. This new structure empowers and extends the current European Business Team.

The Regional Brand Team will be responsible for regional brand strategy and will be accountable, in conjunction with the local Managing Directors, for long term brand equity, revenue and profitability of the vehicle line brand [3].

2.1. The Regional Team

The Regional Team is formed of following key players:

- *Regional Brand Manager*
- Assistant brand Manager - Product
- Assistant brand Manager - Marketing
- Assistant brand Manager - Aftersales
- Assistant brand Manager - Finance
- Brand Analyst

The Regional Brand Manager has responsibilities in the field of product development and execution. On the product development area he has to:

- orchestrate all key marketing decisions or activities with product development ;
- manage Assistant Brand Manager-Product who serves both General Motor's International Operations (GMIO), Vehicle Line Executive (VLE) and Regional Brand management teams;
- sign GMIO VLE contract;
- lead the Regional Brand Team to develop and implement regional launch activities;
- approve local market product offer;
- analyze previous year's regional results and performance such as market, competition, consumer, media, communications, pricing, distribution, life cycle elements, and regional programs based on local brand reviews;
- develop regional strategy for all key marketing mix elements and include high level requirements for brand regionally;
- approve positioning, product offer, pricing proposals, short and long – term forecasting, communications and aftersales' strategies;
- support Local Brand Team (as requested) to develop local brand targets;
- approve local adaptation of regional brand strategy;
- consolidate local targets and propose adjustments to ensure that

regional brand strategy can be successfully achieved;

- establish final targets for volume, market share , profitability, brand equity and spending for vehicle brand in each market;
- be informed of aggregate marketing budget established for each country;
- reviews for consistency with regional brand strategy and resolves inconsistencies with assistance from Regional Brand Director, Regional Sales Director and Regional Vice President Sales, Marketing and Aftersales;
- approve final local and regional brand plan.

On the execution area the most important responsibilities are:

- assists Local Brand Manager to meet marketing plan objectives
- if issue is strategic in nature or involves multiple markets, Regional Brand Manager leads resolution;
- if issue is tactical and only involves one market, Regional Brand Manager supports resolution.
- serves as “ internal consultant” – clearinghouse for key information concerning vehicle line brand , target customers and competitors;
- tracks key market variables throughout Brand Plan cycle: volume, profitability, brand equity, pricing, sales allowances, etc;
- proposes resource reallocation between active consultation and input with Regional Brand Director, Regional Vice President Sales, Marketing and Aftersales and Local Managing Directors;
- actively promotes sharing: exchange of best practices and competitive intelligence across markets;
- works with functional organizations and local marketing units to:
- skill development, recruitment and career progression of Local Regional Brand Team and Local

- Regional Extended Brand Team members,
- appraisal of Regional Brand Team members,
 - provides input to appraisal of Local Brand Manager
 - promotes and adheres to the use of common brand management processes.

The Assistant Brand Manager- Product has the next principal responsibilities:

- assists in resolving marketing programs trade- offs;
- manages product decision process to meet customer requirements;
- assists in developing VLE contract;
- provides key business case to VLE Team relating to Sales, Marketing and Aftersales;
- Finalizes VLE contract and specifically assists in defining lifecycle volume, profitability and brand equity objectives for region;
- Refines strategic brand position for new product;
- Manages product availability in close coordination with local markets(pilot, pre-production, initial product allocation);
- Defines product requirements throughout lifecycle;
- Optimizes product offer within targets set in GMIO VLE contract(reduces product cost, minimizes unnecessary proliferation);
- Reviews local voice of customer requirements;
- Analyzes prior year's results to determinate impact to voice of the customer for current and future product requirements(especially shifts in consumer needs);
- Develops regional product requirements and incorporates them into market segment specifications;
- Reviews marketing goals , budget and plan established by local units;
- Assists Regional Brand Manager to develop regional targets.

The Assistant Brand Manager- Marketing responsibilities are:

- assists Local Brand Manager (as requested) to develop local brand review;
- consolidates and analyzes local brand reviews into regional brand review;
- identifies regional consumer needs;
- assists in communicating results of regional brand review to local marketing units;
- assists Regional Brand Manager develop regional brand strategy (incorporates all key marketing mix elements by country, includes high- level budget requirements for brand regionally);
- supports Local Brand Team (as requested) to develop local vehicle brand targets;
- reviews targets established by local units;
- assists Regional Brand Manager to develop regional targets and consolidates local targets, proposes adjustments to ensure that regional brand strategy can be successfully achieved , develops proposed final targets;
- reviews country goals, budget and plan with Regional Brand Manager;
- assists Local Brand Team finalize marketing and communications' plan and adapt regional strategy to fulfil local market's requirements;
- reviews plan modifications to evaluate consistency with regional brand strategy;
- assists Regional Brand Manager review final plan;
- coordinates development of regional launch strategy with Regional Marketing Services, Aftersales, Public Affairs and Local Brand Team to ensure strategy can be executed and conforms with local market requirements (regionally coordinate launch execution in close cooperation with local market units- press ride and drive, retailer launch, motorshow, public announcement date);

- tracks key marketing variables and communicates results to regional and local marketing units;
- facilitates knowledge transfer and exchange of best practices.

The Assistant Brand Manager – Aftersales responsibilities are:

- supports Assistant Brand Manager- Product define requirements to meet ownership experience needs;
- assists Regional Brand Manager Team prepare regional brand review (evaluates customer ownership experience, competitive actions);
- assists Regional Brand Manager develop regional brand strategy (identifies requirements for quality, dealership experience, cost of ownership, after the sale service, serviceability);
- works with Aftersales' Function to ensure that ownership elements (parts, accessories and service offer) of strategy are complete and competitive;
- supports Local Brand Team develop ownership experience targets;
- reviews targets established by local units;
- consolidates local ownership experience targets into regional target;
- informed of country final goals and budget;
- assists Local Brand Team finalize local vehicle marketing and communications' plans and adapt regional strategy to fulfil local market requirements for vehicle aftersales' elements ;
- assists Regional Brand Manager review final marketing plan *Execution* ;
- assists Local Brand Manager Team execute vehicle brand plan (recommends enhancements to ownership experience during product life cycle;
- tracks customer ownership experience (quality, warranty);

- plays a leading role in the development of strategy for product recalls.

The Assistant Brand Manager – Finance responsibilities are:

- analyzes competitive pricing strategies regionally;
- evaluates previous year's financial performance, including profitability, revenues and marketing expenditures;
- develops high level regional budget requirements;
- supports Local Brand Team prepare marketing goals, budget and plan;
- reviews targets established by local units;
- reviews modifications to preliminary plan to assess financial feasibility and consistency with regional brand strategy;
- assists Regional Brand Manager develop regional resource optimization plan(recommends adjustments to local targets to ensure that regional brand strategy can be successfully achieved);
- assists Local Brand Team finalize brand plan;
- consolidates input for future product pricing;
- monitors price competitiveness and recommends appropriate action for each market;
- tracks vehicle line profitability for current and future product, including vehicle accessories;
- tracks vehicle brand market support funds by country (includes separate accounting for consumer influence and incentives or allowances);
- recommends resource allocation shifts based on analyzing results.

The brand analyst attributions are :

- obtains local market voice of customer input and consolidates to create regional voice of customer requirements;
- provides customer, product, market and competitive information to Local Brand

- Manager or Team to prepare business review;
- assists Assistant Brand Manager – Product collect local market voice of customer input ;
 - prepares and proposes annual market research plan;
 - assists Local Brand Team with information or forecast data to establish targets;
 - assists Regional Brand Manager or Team analyze and consolidate local targets into regional targets;
 - maintains information or data requirements to successfully implement regional brand strategy and assist local marketing units meet plan objectives;
 - actively communicates with Decision Support and Marketing Services Teams to monitor and evaluate results against plan;
 - oversees fulfilment of all requirements for common information, processes and measures ;
 - collects key vehicle brand performance information throughout business cycle (volume, pricing, sales allowances, etc.) using common processes and formats.

Regional Brand Team is supported by Regional Marketing Services consisting of Decision Support (Market Research) and Communications. In addition, they will continue to be supported by Distribution, Sales Analysis and Short Term Forecasting as well as Public Affairs.

These functions will be referred to as the Extended Regional Brand Team.

Local Brand Management at the country marketing units will be responsible for adapting regional brand strategy for the local market as well as local brand execution. This effort will be headed up by the Local Brand Manager who reports through the local Managing Director and is also an extended member of the Regional Brand Team.

3. CONCLUSIONS

Brand Management is not a system which was introduced in isolation. Two other major organizational initiatives were implemented in

conjunction with Brand management. The first of these is Vehicle Line Executive (VLE). The Vehicle Line Executive system is primarily designed to provide clear accountability and responsibility for program management of a vehicle platform throughout its life cycle starting from concept approval. Vehicle Line Executive Team is responsible for the development and execution of future product programs and the ongoing maintenance of the current product. Through competitive assessments the Vehicle Line Executive Team sets business plan objectives and goals to achieve market leadership. The sources of information used are regarded warranty, quality, productivity, ergonomics and cost reduction. Based on the listed sources of information, issue originators identify or discover and document within the Problem resolution. The system is tracking a sufficient number of issues and opportunities for improvement on current product to meet the business plan goals of the Vehicle Line Executive team. The second is Project and Production Support (PPS)., which supports our efforts towards Customer Order Fulfilment (COF), the changes in this plant and material systems, and the urgent to improve the organizational readiness to meet the Start of Production (SOP) targets / including quality, timing, cost and volume.

The issues and the opportunities are documented in the Problem Resolution Tracking system , prioritized and presented to the Current Product Improvement Process. The intent of the Current Product Improvement Process is to improve customer enthusiasm through the resolution of common cause issues for vehicles which have been produced. The Current Product Improvement Process engages Manufacturing, World Wide Purchasing, Vehicle Sales& service Marketing and Engineering in issue resolution. Ultimately, shareholder enthusiasm is achieved through the obtainment of business plan coals including cost reduction, warranty (cost & frequency), productivity, ergonomic and quality improvements. Through the identification of concerns and their root causes, solutions are developed, implemented and effectiveness is confirmed. Finally, these improvements serve as lessons learned for future product development activities. A mark of brand potential is the achievement of brand leadership over a long period, in our case

Corsa brand, Astra brand. For these brands, the creation of functional and emotional values has been so strong that customers continue to buy them over rival brands. To achieve this goal in a company, the managers must do the special trainings themselves and the specialists from the board in the field of leadership. Training leadership skills and developing emotional intelligence take place together and involve understanding our own emotional side, harmonizing with the emotional needs of others and using that knowledge to motivate them, not only to increase their effectiveness at work, in order to develop their potential[5]

Darwin E Clark, Vice President Sales, Marketing and After sales General Motors Europe said that: “ Brand Management is a tool to help us gain a clearer focus on both the Umbrella and Vehicle Line brands”[6].

This is true and it was done by GM Europe very well and so the core values and the priorities of the company regarding continuous improvement, innovation, integrity, customer enthusiasm, teamwork, are possible to achieve.

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