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What the Auto Industry Can Learn From Apple

iPhone Stampede Offers Lessons in Total Transformation

By David Murphy

Published: July 15, 2008



David Murphy

Like hundreds of thousands of people across the country, I stood in line last weekend at the Apple Store in Newport Beach, Calif., to buy the new iPhone 3G for my daughter after three unsuccessful attempts at nearby AT&T stores.

Witnessing this exuberant demand for a new product made me wonder if this feat could be repeated in other categories, such as the auto business. What would an automaker have to do to seduce consumers to stand in line to buy a hot new car? Here are some lessons from the iPhone:

Functionality: Auto execs pondering how to replicate the iPhone's commercial and cultural success would be wise to note that the iPhone is not simply a marketing phenomenon. The iPhone is a breakthrough product. It revolutionized the mobile phone business through design, features and functionality.

One way for auto companies to create breakthrough products may be to begin thinking like a consumer-electronics brand. Technology brands are the new car. Throughout the last century, the automobile stood for freedom, mobility and joy. Cars represented modern life at its best. Today that role is served by each new smart phone, gaming system, wafer-thin laptop or home theater that joyfully proclaims that the present is better than the past. An automaker should commit to creating a truly modern car, a car that democratizes the latest technologies; a car that liberates us from tired compromises by proving that design and performance go hand

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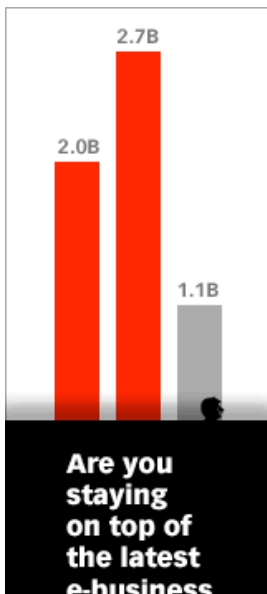
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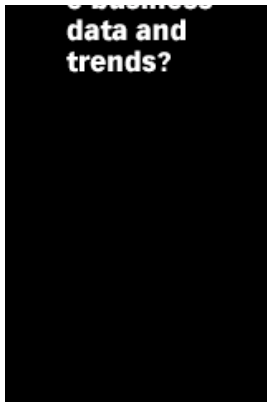
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in hand with safety and environmental responsibility; a car that is an extension of the personal technologies we use to make our lives more efficient, organized and entertaining. Create a car that joyfully proclaims that today is better than yesterday.

Design, design, design: The iPhone looks like nothing else. It took no cues from category norms. It wasn't an exercise in incrementalism, as is often the case with domestic auto design.

Cult of celebrity: Auto companies tend to believe "celebrity" is attained by having A-list actors and rappers drive the car. In Apple's case, its celebrity is organic. Steve Jobs is a celebrity. Jonathan Ive, Apple's head of design, is a celebrity. It is time to elevate the automotive designers to be the face of the company instead of the suits. Let's see these designers on the cover of Fortune, People and Vanity Fair. After all, at their core these companies are industrial-design firms.

To fast-track this cult of design celebrity, car companies should enlist a hot industrial designer (e.g., Yves Behar) or an accomplished architect (Frank Gehry) to create the next must-have design of the year. And I don't mean creating a "Cartier" edition, which usually means a special-trim package. Fully empower this outside designer.

Limited supply: As a rule, a company shouldn't produce more product than it can sell. Sounds simple, but seldom happens in the car business. Limiting supply negates the need for brand-sucking discounting and creates a perception of rarity that strengthens the marketer's pricing power. Apple is a genius at this.

ABOUT THE AUTHOR

David Murphy is co-president and head of brand innovation at Barrie D'Rozario Murphy. He was previously president of the Los Angeles offices of Saatchi & Saatchi and Young & Rubicam. His views can be found at wikibranding.blogspot.com.

New distribution model: Sales associates at Apple stores are extremely well trained and are living ambassadors of the brand. Consumers may not get this same experience from car salespeople. So here's where the auto companies need to swallow a brave pill. Don't sell this hot new car through dealerships. Signal change by changing how the car can be bought. Establish centrally located viewing galleries -- in shopping malls, in airports, in downtown business districts -- staffed by the same well-trained ladies and gentlemen hired for car shows. Sell the cars there or online. And, knowing that state franchise laws don't allow cars to be sold without dealers, give dealers a reasonable commission on all sales that take place in their designated territory. Dealers must be properly compensated, because they play a crucial role in providing ongoing service.

Advance buzz: When Apple launched the original iPhone it created a huge amount of buzz and curiosity by doing the opposite of what auto companies tend to do: Apple said absolutely nothing. Auto companies tend to debut the concept car three years in advance at an auto show, create microsites for sneak peeks and give the buff books early test drives in return for good coverage. And what happens in return? The buzz peaks well ahead of the product's retail launch. The new mantra must be to reveal less and intrigue more. (Dealers did this quite well back in the days when they'd cover up new models until launch day to keep curious faces pressed against store windows.)

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