



JULY 2005

GM HAS THE RIGHT, BUT . . .

In April, GM announced it was pulling some \$10,000,000 in advertising from the L.A. Times because it took exception to what the newspaper had written about the company and its products. We wanted to know what the journalists we work with thought about this. Below are the questions we asked and some responses in addition to those in the report itself.

Should GM have pulled its advertising?

"Pulling advertising in response to HONESTLY critical news stories in effect gives advertisers veto power over what news appears in the media."

Al Binder, Ward's

"...such a classic PR-101 mistake that we are still having trouble fathoming that they did it."

Peter M. DeLorenzo, Publisher, Autoextremist.com

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It's unanimous; "GM has the right to spend its ad dollars where it chooses."

We thought that answer was a given so we didn't ask that specific question in our recent Autowriters.com survey.

But a number of journalists felt it was implied and therefore important to affirm GM's right to pull its ads from the L.A. Times. That doesn't mean they all thought GM should have done so. In fact, more than two to one thought it was a mistake.

Of the 1,629 journalists we contacted via e-mail some of the best known and respected names in U.S. auto journalism responded. They represented 29 of the 30 different types of media out-

lets Autowriters.com tracks, including: national dailies, major enthusiast publications, national and local radio and TV, weekly newspaper chains, major trade publications, syndicates and full-time independent auto journalists.

Those who said GM was right to pull its ads from the Los Angeles Times, were out-numbered 108 to 42 with 28 that straddled and 4 suggesting a third option.

Notable among the latter was Isaac Hernandez of Mercury Press who, presumably on behalf of the journalism profession, expressed thanks that GM did not "buy extra advertising to have the LA Times stop further bashing." He recalled Nike and CBS allegedly doing this to

resolve a dispute about a child labor documentary, which, ultimately, CBS did not air.

Pros and cons on each side were assigned to one of five categories: Accuracy, Business, Philosophy, Image or Politics. While they are not mutually exclusive categories, they make it easier to compare and contrast. Other responses are grouped in terms of Publicity and Effects and we conclude with "Just Take It."

Accuracy

"IF THE FACTS DON'T FIT"

The late Johnny Cochran might have said, "If the facts don't fit you must - quit," and many who supported GM would agree. The column triggering GM's action was described by them as "blatantly unfair," "biased," "gratuitously spiteful" and "bad writing" that warranted firing the author. The editor of an outdoor lifestyle publication said: "I feel that the journalist dropped all semblance of objective and careful evaluation and instead launched an opinionated, not fact based, screed against GM."

On the other hand, an editor at a major enthusiast publication said: "The comments were hardly earth shattering, or malicious or unfair." That sentiment was echoed by a number who called the criticisms "spot on," "valid" and in the opinion of Asian Fortune auto editor Max Farrow, pulling the ads was "a tacit admission that the accusations had merit."

Of course GM's doing nothing could be interpreted in the same way.

Business

"WHY PAY FOR NEGATIVE COVERAGE?"

Arguments for or against this being a good business decision were passionate. "If your hand was being bitten off at the elbow, it is only natural to pull that arm back," one lady wrote. "If someone talks bad about your cooking you don't invite them to dinner," said radio show host John Miller. "Companies are judged by where their advertising appears, ... so there's a reason why they don't advertise in sleazy magazines," said another autowriter. Others noted that the company had a right to respect and to expect good writing and, that "ads are not a birth right." Or simply, as San Francisco Chronicle writer R.J. Garbosky put it, "Why pay for negative coverage?"

More cynical journalists suggested it might have been an excuse to withdraw from a market where GM is losing sales anyhow or that GM realized no matter how much they advertised, its cars would not sell. Another journalist believes newspapers are a bad advertising buy anyhow and two others took the opportunity to lament the inadequacy of most new car advertising. Just saving the money, given GM's financial straits, was suggested as a motive for dropping the ads. Still others reasoned that GM might have done it for the publicity, "putting GM on everyone's lips."

Business reasons offered for not pulling the ads included: "can't sell if you don't advertise," GM should not forsake "the dominant medium in

the market," "too important a market to abandon," "doing so increased awareness of the column and its criticisms," "no 'voice' in the market" and doing so will "speed their (GM's) demise from key Coast markets."

Several journalists said, "it doesn't work," recalling advertising boycotts that failed. Among these were GM tiffs with the Wall Street Journal and others. Also mentioned were past car dealer power plays in San Antonio, Chicago and Tampa - although the Tampa dealers succeeded in getting auto reviews transferred from editorial to the ad department. Veteran auto writer Ralph Gray noted that as a result the Tampa Tribune's "ad sales boomed and its influence deflated." "The real danger is that car dealers might discover they don't need the daily press as much as they think they do," wrote T.Q. Jones, a freelance writer for a number of Austin, Texas area publications.

Philosophy

"CHURCH AND STATE"

For some it is just the way of the publishing world: "When advertisers don't like what they read, they pull their ads. Sometimes they want to intimidate you and sometimes it just makes them feel good," wrote a trade publication writer who found nothing unusual in GM's action.

One journalist declared it had absolutely nothing to do with freedom of the press. "The paper decides what it wants to print. The advertisers

decide where they want to advertise.” Some felt it was a healthy reminder to mainline newspapers to be “extra prudent or they will be classified in the same category as the Globe, The Star, etc.”

“No, No, No. This is clearly an attempt to control editorial independence and goes against the grain of freedom of the press,” wrote one freelancer. Gordon Hurd of Consumer Reports wrote that pulling the ads was “Menacing because it seeks to redefine journalism as an exercise in commercial bribery.”

It was “arrogant beyond belief. Who guaranteed that advertisers would get only praiseworthy reviews when it is the reader/consumer to whom the words are addressed?” asks Bob Bowden, a veteran Florida newspaper writer who reviews cars on-line and for two local business magazines. Linda Water Nelson, who contributes to the Memphis Commercial Appeal and others commented, “This is a perfect example of a corporation muddying the waters between editorial and advertising, not unlike the currently sloppy division between church and state in this country.” “It makes you question the credibility of auto journalism,” was another writer’s comment.

Credibility was emphasized by former Road & Track editor John Dinkel who noted that the magazine had its share of disgruntled advertisers during his decade at the helm and 20 plus years there. “The car companies need the media to provide an objective third-party endorsement of their products . . . There was never a case during my time when an advertiser who pulled out of the magazine didn’t come

back . . . because the advertiser recognized the third-party credibility the magazine had with the audience the advertiser wanted to reach.”

Image

“PERCEIVING IS BELIEVING”

A bad image, was the most common criticism among journalists who think GM should not have pulled the ads. Many described the move as analogous to the boy who takes his bat (ball, football, toys, etc.) and goes home if he doesn’t get his way. Others said the move made GM seem “like a bunch of babies,” “bullies,” “petty,” “petulant,” “pouty,” or “silly and stupid.” “Thin skin never looks good,” observed another writer. Former Car and Driver editor-in-chief and publisher William Jeanes said it “positioned GM as throwing a tantrum.” But two journalists thought GM might have improved its image. An editor of a national auto publication said, “GM proved it still has some fight left in the old gal.” A writer observed that GM stood up for itself while the Times had yet to defend its writer.

Politics

“DIFFERENT AGENDAS”

“Whatever takes this rag out of the map is o.k. with me.” “Left wing political rag.” “Biased rag.” These comments and a few other milder responses focused more on the perceived political bent of the Times than GM’s action. Others thought GM was appeasing its Los Angeles dealers and one or two writers sug-

gested it was placating an angry executive or two.

Publicity

“IF NOT WHY DO IT?”

GM’s presumed strategy was the dividing line for opinions on the wisdom of publicizing withdrawal of the ads. There were 63 journalists that said, “yes” to announcing the action, 68 said “no” while 25 did not answer the question and 26 offered alternatives.

An enthusiast magazine editor said, “They wanted to prove a point. This same point was made to the automotive media in Detroit last year, when it was said that GM would spend money with the publications that didn’t speak poorly of them.” (Another publisher/editor noted ruefully that he wrote good things about GM but still didn’t get advertising).

Motor Week Dave Scrivener’s wry comment was “righteous indignation is only effective if it’s heard by others.” Several journalists noted that if GM wanted to send a message, publicity was vital and that if they didn’t, pulling the ads was pointless.

“I believe they put us all on notice that if we are not fair, there will be consequences,” said Marlon Hanson, publisher and autowriter for the DeSoto, Texas daily.

Others said GM needed to make it known before others took a shot at them. And one cynic said the publicity helped distract from the product. Veteran advertising professional

and columnist Marty Bernstein asked “Two wrongs didn’t make a right did they?” Kevin Schweitzer of the cars.com website said announcement of the action taken over a column that was “dead-on correct in all of its criticisms . . . got far more page views than any other news story in the entire month of April.”

Another journalist said the announcement provided a chance for the paper to take another shot at GM while another said that if he were in the market for a new car, the publicity would make him suspicious. “While withdrawing ads were potentially a big deal in the ‘50s “today nobody cares,” was another view.

Effects

“ONLY A SLIGHT CHILL”

If GM’s action had a chilling effect on autowriters and editors, it was only a slight one. Even asking if it would affect their coverage of GM or other auto companies, heated them up, as indicated by exclamation points, “No Way” or “No and it should not!”

There were 128 journalists who said this about their coverage of GM and 140 who said it about their coverage of other auto companies. There were 23 journalists who said it would have an influence on their coverage of GM. Some indicating they would look even more closely at the company’s products and a few acknowledging that they would be more circumspect in their choice of language. Fourteen journalists said the same about their coverage of other companies. There were 28

survey replies with no answer to either question and three that offered other comments regarding GM. The chief explanation for softening coverage or striving to balance the “bad” with some “good” were the financial implications for small publications or struggling shows that can’t afford to lose revenue. One journalist hoped GM’s action might jar the “all male, old boys network that dominates automotive journalism.” While another acknowledged GM’s action may be the reason he declined to have his name attached to the comments he offered in this survey.

No journalists said they would change their practice of using press cars to do their evaluations. The cost of buying new cars, the variable condition of rental cars and the unrealistic expectations of dealers if they loan a car for evaluation were cited as reasons for relying on the carmakers.

Consumer Reports and one broadcast journalist in Los Angeles were the only respondents who reported buying and then selling the vehicles they reviewed. Wilkinson said Conde Nast tries to off-set any “payola” implications of accepting a press car by paying the going rental rate for its use.

Those that said GM’s action did not change their view of automotive PR were in the great majority: 117 versus 31 who said it did, 32 who did not answer the question and two who digressed. However, the 117 included a great many who acknowledged a low opinion of PR to start with and only a few who expressed general approval of current practice in the field. There were three journalists who praised

GM’s PR department and as many who panned it.

Just Take It

“ALTERNATIVE ACTIONS”

Alternatives suggestions began with “Writing a letter to the editor. “ That however was countered by Stephan Wilkinson, automotive editor for the Conde Nast Traveler. He recounted how “an outraged letter from a PR person about an article in the magazine’s very first issue totally backfired.” The “How dare you, etc.” letter presumed to tell the magazine what its mission should be (not to be painfully honest about the high crime rate in a destination city the writer’s airline company served) and promised no more ads from his company until the magazine changed its ways. The entire threatening letter was photographically reproduced in the Traveler’s second edition accompanied with “a stormy editorial pointing out that this sort of pig-headedness was exactly the reason Traveler had decided to make ‘Truth in Travel’ its mission.”

Denying press cars to the paper’s reviewers was proposed. Another suggestion was, “whatever disagreeable messages the paper’s editorial matter might have carried, advertising could have counterbalanced and even swamped.” Or, “Free press. GM should have pleaded its case in a series of articles it demanded from LA Times . . . then the public could decide,” was radio/TV producer/host Josh Hancock’s solution.

A national columnist weighed in with these thoughts: “Once that (pulling

the ads) was decided, GM should have boldly stood up and said why and for how long and what it would take to get the ads back. Otherwise it looks sinister. And once the ads return – they will – it'll seem like GM is toothless, unless it beats an apology out of the LA Times."

A number of journalists agreed with Bill and Barbara Schaffer of the Auto Digest Syndicate: "They should have remained quiet and taken the criticism."

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Our deep appreciation to all who participated in the survey and a special thanks to those who provided comments and permission to use their names in our report.

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"Its decision may be more valuable as advertising than the advertising it was paying for."

Lary Coppola, Editor/Publisher, Kitsap Peninsula Business Journal

Should GM have made it public knowledge that it was pulling its advertising from the LA Times?

"Doesn't matter, the world found out very quickly."

Gerald D. Conover, Editor-in-Chief, Car-Smart News

Will GM's actions influence how you write about or comment publicly about GM and its products?

"A lot of people confuse the right to free speech (which we certainly have) with the right to be heard and to be immune from criticism (which we most certainly don't have)."

Jim Grodnik, Auto Editor, Alameda Newspaper Group

"I will be more favorably inclined to GM for standing up for the company."

Jan Wagner, columnist, "Car Nut" "My readers pay my salary and they will still read if GM advertises or not. If I don't write the truth, I will not feed my family."

Dan Grunwald, Freelance

Will GM's actions influence how you write about or comment publicly about other car companies and their products?

"I disparaged Lee Iacocca...then did a negative (product) review. 18 years later, DCX is finally forgiving me. See, you just need patience."

Tom Inglesby, Editor, National Motorist

Are you primarily a freelance auto journalist?

Of the 84 respondents we classified as "freelance," we do not know how many can join Tirekick.Com writer Jim Flammang in saying, "I consider myself a full-time independent journalist rather than freelance."

Do you use manufacturers' press cars to do your reviews?

"Sure, and I go to previews, too. If we didn't the only folks going to previews would be the richest, nyt, wsj, etc. and do I think that buys the press?"

No, I don't."

Jerry Flint, Freelance

"If the manufacturers didn't put their cars in the press pools (and stage product launches), the only publication that would be writing about the cars would be Consumer Reports."

Gary Anderson, Los Altos Town Crier, Classic Motorsports

Has GM's actions affected your view of automotive PR?

"... no, PR departments just do what they are told to do."

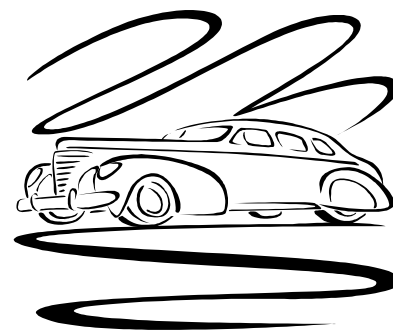
Brian Armstead, Autosense

"... If there is a moment when PR and editorial collide, I guess I will look for another job."

Lupita Colmenero, El Hispano News

"... I have a feeling GM's PR people probably opposed the move but were overruled by some hot-headed top exec."

Fred Gregory, Freelance



autowriters.com

autowriters.com
785 E.Larkspur Rd.
St. George, Utah 84790
phone 435.656.1040
fax 435.619.2176
e-mail releaseit@autowriters.com
internet www.autowriters.com