

Pontiac RIP: storied brand falls victim to crisis

Reuters, Monday April 27 2009 * After 83 years, GM lets go storied brand

* Sad day for Pontiac enthusiasts

* Low funding, brand erosion sealed Pontiac's fate

By Nick Carey

DETROIT, April 27 (Reuters) - After 83 years of storied history and with a huge following for its famous older models, Pontiac on Monday became the highest-profile victim of the U.S. auto industry crisis with General Motors Corp's announcement the brand would cease to exist in 2010. The death of a brand that captured the imagination of generations with the Firebird, Trans Am, Grand Am, Grand Prix and GTO -- the latter immortalized in the song "Little GTO" by Ronnie and the Daytonas, which reached No. 4 in the U.S. charts in 1964 -- left car enthusiasts stunned. "If you're a car lover then this has to come as a real shock," said automotive historian John Montville.

But after years as a high-performance brand producing legendary models, industry experts said the brand's recent decline and lack of investment by GM had sealed its fate.

"Pontiac had become a repository for anything GM could muster," said independent auto industry analyst Erich Merkle. "It's very sad. But my sadness is for the brand as it was, not for what it had become."

GM also plans to phase out other brands sold in the United States. It plans to cease production of Saturn vehicles, sell the Hummer SUV line and will let Swedish brand Saab go independent after its reorganization.

AMERICAN LEGEND

GM introduced the Pontiac brand in 1926 when the company was led by American corporate giant Alfred P. Sloan whose famous quotes include "A car for every purse and purpose." Named after a Native American chief who led a failed uprising against the British after the French and Indian War in 1763, Pontiac was originally launched as an affordable companion to GM's Oakland brand. The brand's appeal to smaller purses meant it soon outsold its parent brand. "Pontiac was the son that outlasted the father, a rarity in the industry," said automotive historian James Wagner.

Oakland went out of production in 1932.

Up until the early 1950s Pontiacs were unremarkable but solid. The brand gained strength in the late 1950s, but the brand's real heyday came in the 1960s.

The 1960s saw Pontiac turn into a performance brand, much of it under the leadership of John DeLorean -- later founder of the short-lived and ill-fated DeLorean Motor Co.

The Grand Prix, the Firebird and GTO, all high performance "muscle cars", made their debut during the 60's. GTO, short for "Gran Turismo Omologato" was regarded as DeLorean's greatest contribution to the Pontiac brand.

Pontiac scored later successes with the Grand Am and Trans Am in the 1970s.

Surf the Internet today and you can find fan sites and clubs celebrating Pontiac's older famed models -- including the GTO Association of America.

The Pontiac brand chugged along until the late 1990s when GM began to scale back on its performance image, launching minivans and "rebadged" vehicles from its other brands. According to industry tracking firm Edmunds.com, Pontiac's market share slid to 2.1 percent in 2008 from 3.1 percent in 2002.

"In recent years Pontiac wasn't the performance brand it was in the past," said Aaron Bragman, a research analyst at IHS Global Insight. "It had lost its way and lost its following."
"There wasn't much future left for Pontiac," he added.

DEATH IN THE FAMILY

Although Pontiac's latest G8 model was critically acclaimed it was too little to save the brand from the knife, a decision GM CEO Fritz Henderson said had not come easily.

"A tough decision... for many of us because this is a brand that has a considerable heritage," he said on Monday. "It is an intensely personal decision in many ways, but one that needed to be taken in light of the circumstances."

Jeremy Anwyl, Edmunds.com chief executive, described Pontiac as a "sacrificial lamb" as GM struggles to create a viability plan that will win government approval and open up access to fresh emergency aid.

Like Chrysler LLC -- 80 percent controlled by private-equity firm Cerberus Capital Management LP -- GM has received emergency funding to help it weather the worst U.S. auto industry downturn in decades. Further help is contingent on a new, viable restructuring plan.

"GM is marching to the beat of the government drummer," he said. "They must prove they're serious about restructuring."

"The more dramatic GM's plan is the more credible it seems," he added. "Pontiac is not essential so off it goes."

Michael Williams, dean of the Touro College Graduate School of Business in New York, said the decision to drop Pontiac will not help GM and the government should stop propping it up.

"This can't go on forever," he said. "The U.S. auto industry must undergo complete consolidation or a selloff." (Additional reporting by Bob Burgdorfer; editing by Carol Bishopric)