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# Chrysler ad agency cuts jobs

## Automaker's lower business affects 145 positions at BBDO in Troy

BY TIM HIGGINS • FREE PRESS BUSINESS WRITER • NOVEMBER 7, 2008

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Chrysler's top advertising agency, BBDO Detroit, announced Thursday it was cutting its Troy staff by 145 positions in response to the automaker's "reduced levels of activity."

ADVERTISEMENT The move highlights the ripple effect of Chrysler's declining business.

Chrysler's ad spending has dropped this year as its U.S. sales have fallen more than 25% through October. The automaker has indicated losses of more than \$1 billion during the first half of 2008, and analysts caution that the company could run into a cash crunch next year.

Chrysler has also announced plans to streamline three of its sedans in the 2009 model year by eliminating certain price points and adding more standard features. The automaker essentially upgraded to higher trim levels entry-level versions of the Chrysler Sebring, Dodge Avenger and Chrysler 300.

"We simplified key vehicle lines to deliver more value in our products with improved interiors and exteriors, as well as improved fuel efficiency," Deborah Meyer, Chrysler's chief marketing officer, said in a statement. The automaker, in continuing with its hourly headcount reductions announced a year ago, is now offering another round of buyouts at plants in Ohio and Indiana, and will be offering buyouts at its Belvidere, Ill., plant next week, according to company spokesman Ed Saenz.

Last month, Chrysler announced it would eliminate about 5,000

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white-collar jobs. The company previously said it would cut a total of 29,000 white-collar and hourly workers.

The news about Chrysler's ad agency feeling the pinch was unsurprising. "It's always the first budget that gets slashed," Mike Bernacchi, a marketing professor at the University of Detroit Mercy, said of advertising efforts. "If cost-cutting is the way of the day, how many organs can you remove before there is nothing left?" he asked.

Chrysler is not alone in reducing its ad spending. TNS Media Intelligence, a company that tracks advertising for all industries, said last month that total ad spending by automakers and dealers fell about 11% during the first six months of the year.

Chrysler is said to have cut its spending during that same time period by 39%, to \$104.7 million, but that was before the launch of the redesigned Dodge Ram.

BBDO said its decision to cut workers in Troy was "driven by the reduced level of activity and changes in the nature of planned activities." BBDO's Detroit office works solely on the Chrysler account, agency spokesman Roy Elvove said.

The cuts are immediate, and 511 people will remain with the Troy office, the spokesman said.

He stressed that the agency had not lost Chrysler as a client and that it remains the agency for Dodge, Chrysler, parts, services, corporate, financial, dealers and Jeep -- excluding national brand advertising that is handled by Cutwater in San Francisco.

"This is not a loss of business whatsoever. This is an announcement regarding staff cuts we've had to make in response to reduced activity," Elvove said. "Their advertising spending is down at least 30% for the first nine months of the year, they've announced themselves cutting 5,000 people, so we're simply feeling that ripple effect."

BBDO's relationship with Chrysler dates to 1944 when the agency did work on the DeSoto.

The cutbacks come as Chrysler is launching a new marketing campaign for the redesigned Ram.

BBDO was behind Chrysler's Ram Challenge campaign, which is a reality-style competition playing out on the Internet at [www.ramchallenge.com](http://www.ramchallenge.com).



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Contact reporter **TIM HIGGINS** at 313-222-8784 or [thiggins@freepress.com](mailto:thiggins@freepress.com).

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