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# Cadillac Tries to Make a Fresh Start in New York

By AARON M. KESSLER SEPT. 23, 2014

The last time Cadillac, a symbol of American success, was the top-selling luxury car brand in the United States was in 1997. Since then, its executives have tried seemingly everything — from new models to new management to new marketing — to revive its flagging fortunes, with little to show for it.

Now, in its splashiest — and some might say most desperate — move yet, Cadillac is being split into its own business unit and will move its headquarters from Detroit to New York's trendy SoHo neighborhood, General Motors, its parent company, announced on Tuesday. The hope, executives said, is that Cadillac can shed its stodgy image and recapture a mystique that melted away nearly two decades ago.

Johan de Nysschen, who joined Cadillac last month as its new president, from the Infiniti division of Nissan, said he discussed the move with G.M.'s leaders before taking the job. He said he was convinced that to reinvent the struggling brand, it needed more autonomy, more focus and more of a connection to what is cool and fashionable.

"If we stayed where we've been, nothing would change," Mr. de Nysschen said in an interview on Tuesday.

But some industry observers say it is a costly move that is fraught with risk, and wonder if Cadillac can still turn things around, as German competitors continue to outmaneuver the storied 112-year-old brand.

"Minds are hard to change," said Jack Trout, president of the marketing firm Trout & Partners in Connecticut.

Mr. de Nysschen has made it clear that he plans to start anew with

Cadillac — getting as far away, both figuratively and geographically, from the lower-tier G.M. brands he feels have stymied Cadillac over the years.

“You’ve had many people who wore multiple hats for different brands,” he said. “But you cannot be an expert in all things, and you end up with a homogenized approach. In that environment, the premium brand always gets shortchanged.”

Mr. de Nysschen said that the premium market “plays by a different set of rules,” and that if BMW and Audi have full-time people dedicated just to luxury vehicles, Cadillac will not succeed if it does not carve itself out.

“By cutting out the Cadillac team, we have to find a different way of doing things,” he said of the decision to move the top management to New York. “It takes a long time to re-establish brand credibility. It could be 10 years in the making before we will see a significant leap forward.”

But some industry observers are skeptical, saying that Cadillac must improve its styling and quality and, most difficult of all, change consumers’ perceptions.

“If you’re a 30-something, young Wall Street executive,” said Jesse Toprak, an analyst with Cars.com, “you’re buying into an experience, an image of success, as much as an actual car. They’ll get that with a BMW. They won’t with Cadillac right now.”

Cadillac wants acceptance into that elite group, but this year the brand has continued to lose ground. Through August, the overall luxury auto market has surged 14 percent over the period a year earlier — but Cadillac’s sales are down 5 percent, with its sedans falling by 15 percent. Over all, BMW has sold about 211,000 vehicles in the United States this year and Mercedes-Benz about 221,000. Cadillac, by contrast, has sold 114,000.

Mr. de Nysschen was brought in as the ultimate outsider to G.M.’s hidebound culture to change that trajectory, and he has been given wide latitude in hiring and decision-making.

Before his nearly two years at Infiniti, he was at Audi, where he helped show that a moribund luxury brand could be brought back to life and compete head-on with BMW and Mercedes-Benz.

**But the move to SoHo does not necessarily mean Cadillacs will start suddenly showing up on the neighborhood's cobblestone streets.**

**American automakers have experimented with such a move before. In the late 1990s, Ford relocated its Lincoln division to California — only to move it back to Michigan.**

**Mr. Trout, the marketing consultant, said while he thought the move to New York was smart, the company faced a difficult path.**

**“So much of the auto business is driven by word of mouth, by what your friends and neighbors have, what your car says about you,” he said. “Showing up with a Cadillac in your driveway isn't impressing anyone.”**

**Still, Mr. Trout said, there are reasons for optimism at Cadillac. The company, he said, has some of the better technology available at the higher end. And, he said, with the introduction of features like Super Cruise — which will allow drivers to take their hands off the steering wheel on some highways — planned for 2017, Cadillac might have a chance to distinguish itself.**

**“If they can't win on the prestige factor, they have a shot of winning on technology,” he said. “If they can position the car as one of the most advanced in the game, they just might be able to build a franchise around that idea.”**

**Mr. de Nysschen said that he would take aim at changing perceptions and that he intended to resurrect Cadillac as an “aspirational brand.”**

**Part of his strategy involves recruiting new executives — at least half of the new Manhattan headquarters will most likely be new hires. “I expect to be recruiting a lot of new talent,” he said.**

**He said he was even open to changing Cadillac's sharp, angular design, which can be unappealing to some buyers, particularly women.**

**“There is no doubt that the design has to continue to evolve, and I can absolutely confirm that the design language of Cadillac will continue to do so,” he said.**

**The goal Cadillac will set for sales — doubling them worldwide to 500,000 by 2020 — is also ambitious. It will rely heavily on increasing its**

**business in Asia, particularly China. To help reach those new customers, Cadillac announced that it would add a new, larger sedan to its lineup next year.**

**Jessica Caldwell, senior analyst with Edmunds.com, said the move to New York might help be a catalyst for change at Cadillac, but that it would not be automatic. In addition to Lincoln's short-lived move to California, she said, the "jury is still out on Infiniti," which moved to Hong Kong, away from its corporate parent, Nissan, in 2012.**

**As for those who yearn for the days when Cadillac ruled the roads, Mr. Trout said the company had a lot to overcome in changing hearts and minds.**

**"Those days aren't coming back," he said.**

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