



Weekly Car Dealers Newsletter

October 25, 2011

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources.

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[RESEARCH GROUP SEES DETERIORATION IN U.S. FUEL-ECONOMY GAINS](#)

For all the attention devoted to American car buyers' rediscovery of smaller, more fuel-efficient vehicles in 2011, a report released [last] week suggests that such purchase trends are having little impact on overall fuel economy. A team at the University of Michigan's Transportation Research Institute said that the fleetwide average fuel economy of new vehicles purchased in the United States had been on a downward slide since March. Lower prices at the pump do not motivate people to purchase more fuel-efficient vehicles, said Dr. Michael Sivak, the head of the institute's Human Factors Group, in a telephone interview. "We are trying to show where is society heading," Dr. Sivak wrote in a follow-up e-mail. "Having a broad picture is critical for policy makers."

Source: [The New York Times](#)

GM EXTENDS STORE RENOVATION PLAN

Incentive offer now runs through 2016

General Motors has extended by two years a provision that pays dealers for renovating their stores -- part of an effort to get more dealers to buy into its biggest-ever facility improvement program. Most GM dealers already have received two years' worth of payments simply for taking steps toward a store overhaul, such as submitting blueprints to GM's hand-picked architectural firm, Gensler. Now that they're faced with tearing down walls or ripping out tile, some dealers are doing the math to determine whether a store overhaul makes financial sense. "We want to be a team player, but it has to make sense economically," [Dealer Byron Hansen] said. "If not, I'll have to pull in my horns and do what's right for my business." *Source: [Automotive News](#)*

EVEN AS JAPANESE AUTO MAKERS RECOVER, GM'S AKERSON SEES FLAT 2012

General Motors Co. CEO Dan Akerson foresees flat industrywide U.S. auto sales in 2012, but says he believes GM can continue to prosper because of a low breakeven point, sustained in part by the company's new contract with the United Auto Workers (UAW). In an interview last week with Automotive News ... Mr. Akerson said GM expects industrywide U.S. light-vehicle sales to be "flattish" next year—and that's only if the U.S. economy avoids infection from Europe's debt crisis, which he views as the biggest threat to auto sales and to the global economy. "As we go into '12, we're looking for kind of a repeat of '11," Mr. Akerson said. For 2011, GM predicts U.S. light-vehicle sales will finish around 12.7 million or 12.8 million.

Source: [Crain News Service](#)

VW PLANS TO KEEP SUZUKI STAKE

Volkswagen AG said on Monday that it intends to keep its 19.9% stake in Suzuki Motor Corp. despite persistent calls from its smaller Japanese peer to dissolve their tie-up, indicating that a dispute between the two auto makers is unlikely to be resolved anytime soon. Suzuki said on Friday it had sent a notice to its German counterpart claiming Volkswagen had breached the terms of the companies' alliance. Volkswagen, in turn, has accused Suzuki of breaching their agreement by signing a deal earlier this year to purchase certain diesel engines from Italy's Fiat SpA. *Source: [The Wall Street Journal](#)*

MORE THAN EVER, THE CAR DEALERSHIP EXPERIENCE MATTERS

In an ideal world, car shoppers could research models, arrange financing and insurance, negotiate a trade and even arrange home delivery of their new car from the comfort of their living room. Visiting a car dealership would be reserved for test drives and for picking up the odd maintenance item, like an oil filter or a bottle of touch up paint.

While many dealers are close to this level of online sophistication, none are completely willing to embrace the internet as a replacement for floor traffic in dealerships. As Mark Bonfigli of Dealer.com told *Ward's Auto* (subscription required), "the dealership experience matters."

That may hold true even more than in the past. Prior to the internet age, [a dissatisfied customer](#) would complain to friends, neighbors and relatives about a negative dealership experience, reaching perhaps dozens of people.

Today, thanks to the popularity of social media and message boards, a negative experience can reach thousands of people instantly. In other words, auto dealer customer service has become even more critical than in years past.

The challenge for dealerships is attracting and retaining sales staff that is customer-focused, internet savvy and knowledgeable about product. Given that car sales are traditionally a high-turnover job, the new demands simply make a bad situation worse.

As we move closer to online [car buying](#), dealers will need to be more proactive about providing real-time inventory tracking as well. As many car shoppers will tell you, cars shown in online inventory don't always appear on dealer lots, contributing to a negative perception of a particular dealership.

What does it mean for consumers? In the future, car dealerships will need to be more consumer-focused than ever before, while online customers will be able to complete more of the buying process from the comfort of their own home.

We all win with an improved car dealer experience. You'll never be able to test drive a car with a mouse and a keyboard, but you'll be able to complete the rest on the process online soon enough. Source: *TheCarConnection.com*

AUDI-FORD AUTO PRICE GAP WIDEST SINCE 1999

Foreign cars are selling in the U.S. at the biggest price premium to domestic autos in almost 12 years as a weak dollar curtails imports of lower-priced models, allowing General Motors Co. and Ford Motor Co. to gain share. The average selling price for a new imported car climbed to a record high of \$31,536 in August, according to the U.S. Bureau of Economic Analysis. That was \$7,614 more than the average domestic-made car, the biggest gap since December 1999. With Toyota Corollas and Honda Civics in short supply, more Americans have turned to Chevrolet Cruze and Ford Fiesta cars. Source: [Bloomberg](#)

FORD, GM ECONOMISTS FORESEE BETTER 2012 FOR AUTO SALES

Economists for General Motors Co. and Ford Motor Co. expect U.S. auto sales to increase in 2012 above the 12.5 million to 13.5 million forecast for this year. "We see growth in 2012 for one reason ... vehicles are getting very, very old," Ford senior economist C. Jenny Lin said Wednesday at a gathering hosted by the National Association of Manufacturers. GM Chief Economist G. Mustafa Mohatarem also is forecasting a better 2012. But Mohatarem noted his boss, GM Chairman and CEO Dan Akerson, told *Automotive News* last week he expects "flattish" U.S. industry sales next year. "Dan's view is that we should be planning very conservatively — that so many things can and have gone wrong this year," Mohatarem said. "So many things can go wrong around the world that you can't plan on fundamentals driving this thing." Source: [The Detroit News](#)

BMW EXPECTS TO KEEP U.S. LUXURY SALES LEAD GOING INTO 2012

BMW, poised to become the best-selling luxury brand in the U.S. this year, can keep the spot in 2012's first quarter as it introduces its redesigned 3-Series sedan. "We have a window to stay No. 1 in the first quarter," Ludwig Willisch, who took over BMW's North American operations Oct. 1, said in an interview yesterday in New York. "Our model lineup is broad. We have a lot of opportunities to get there." Willisch's remarks run counter to those of his predecessor, Jim O'Donnell, who said in an August interview that BMW will probably be outsold by Daimler AG's Mercedes-Benz early next year before the redesigned 3-Series hits U.S. dealerships. Source: [Bloomberg](#)

RAM LINEUP GROWS BY 3

Chrysler Group LLC plans to welcome two new models to its Heavy Duty Power Wagon family today at the Texas State Fair, as well as a limited Mossy Oak version of the popular Ram Outdoorsman pickup. The Mossy Oak Edition Ram 1500 will arrive as a 4x4 Crew Cab model and include features that cater to outdoors enthusiasts. According to Ram officials, 42 percent of Ram owner's camp, 44 percent fish and 30 percent hunt. Ram will also announce today that the 2012 Ram Heavy Duty Power Wagon will arrive in two new variants: the ST and luxurious Laramie models. *Source: [The Detroit News](#)*

UNEASE IN CHRYSLER VOTE

Early voting by Chrysler Group LLC workers showed signs of dissatisfaction over a proposed labor agreement after two United Auto Worker union locals rejected the accord Thursday and voter turnout remained low. Workers from Local 1268, representing Chrysler's Belvidere, Ill., assembly plant, rejected the contract by 56%–44%, the local said on its Web site. The results underscore the struggles many Chrysler workers have with the signing bonus provision. Unlike Ford Motor Co. and General Motors Co., which are paying a lump sum signing bonus payouts, Chrysler is breaking its \$3,500 signing bonus into two parts. *Source: [The Wall Street Journal](#)*
