



Weekly Car Dealers Newsletter

March 7, 2011

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

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[VOLKSWAGEN'S 2010 PROFIT ROARS TO \\$9.4 BILLION](#)

BERLIN -- Germany's Volkswagen AG saw its 2010 earnings soar to euro6.84 billion (\$9.4 billion) as revenue climbed more than 20 percent, creating the automaking group's most successful year ever, the company said Friday. CEO Martin Winterkorn said the company in 2010 put the economic crisis fully behind it and enjoyed "the best year in the history of the Volkswagen Group" in terms of revenue, operating and net profit. The company, based in Wolfsburg, also gave a bullish outlook as it sees strong growth in China and elsewhere, saying it expects revenue and operating profit this year to top its 2010 results. In the U.S., Volkswagen is betting in 2011 on the launch of its new Passat model, which is to go on sale sometime after July 1, with a base price of around \$20,000.

Source: [*The Associated Press*](#)

DEALERS SAY OIL SPIKE HAS SHOPPERS THINKING SMALL

Political unrest in Mideast puts mpg in the spotlight

Some auto dealers were quick to use concerns about political unrest in Libya and elsewhere in the Middle East, and the resulting spike in oil prices, as a sales tool last week. Bill Wallace, owner of Wallace Automotive Group in Stuart, Fla., handles 10 domestic and import brands. He is witnessing firsthand how quickly gasoline prices can influence the vehicles customers buy. Escalades and Lincoln Navigators have slowed, while the Hyundai Sonata and Elantra, Lincoln MKZ hybrid and diesel-equipped Volkswagen TDI have become "red hot," he says. Even Mazda is seeing a lot more action, he said. Customers have become particularly interested in the small Mazda3, which gets up to 33 mpg, he said. "Last night our Mazda showroom was packed," Wallace said. "It was like a delicatessen." *Source:* [Automotive News](#)

HONDA TOPS MAGAZINE'S 2011 CAR RANKINGS

Honda Motor Co. and several other Asian auto makers scored high marks in a series of new studies and rankings of new cars by Consumer Reports magazine. Ford Motor Co. was the only one of the three Detroit auto makers to make it into the top 10 in the publication's annual auto maker score card for 2011, which was released on Monday. General Motors Co. and Chrysler Group LLC were placed twelfth and thirteenth out of 13 auto makers ranked in the April issue of the magazine. Among other auto makers, Toyota Motor Corp. managed to keep its scores near the top of the rankings, despite the recall and quality troubles it has suffered in the past year. European car companies including BMW AG and Daimler AG's Mercedes-Benz performed well in comfort and overall ride but lost points due to weak ratings for reliability, Consumer Reports said. *Source:* [The Wall Street Journal](#)

TOYOTA RECALL IS UNLIKELY TO DERAIL CARMAKER'S U.S. SALES REBOUND

Toyota Motor Corp.'s February U.S. sales gain may be its second-biggest since last year's record recalls, even after the world's largest carmaker said it will have to fix more flawed vehicles. The automaker may report a 27 percent increase in deliveries of Toyota, Lexus and Scion cars and light trucks for the month, based on the average of four analyst estimates compiled by Bloomberg. Toyota and other automakers will release February sales results today. Industrywide deliveries are likely to rise 19 percent from a year earlier, the average of five analyst estimates compiled by Bloomberg, as rising consumer confidence spurs buying. Confidence among U.S. consumers increased in February to the highest in three years, according to separate reports from the

Conference Board and Thomson Reuters/University of Michigan last week. *Source:* [Bloomberg](#)

TURKISH TAXI HOPES TO TAKE MANHATTAN

Chances are most New Yorkers have never heard of Karsan. But if the Turkish automaker has its way, its “V1” will soon be whisking them down Fifth Avenue and Wall Street. The Istanbul-based firm is taking on Nissan and Ford in New York City’s “Taxi of Tomorrow” competition, a bid to replace the city’s standard yellow Crown Victorias with a new generation taxi. That’s right: a Turkish cab for the Big Apple. It’s not such a stretch. Karsan’s V1 isn’t the only Turkish-built entry in the taxi competition. Ford’s Transit Connect – already used in Boston and various Japanese cities – is built with Koc Holding at a plant outside Istanbul.

Turkey, with its low labour costs and flexible production environment, has quietly emerged as a key manufacturing hub for global brands. Toyota, Renault, Fiat and Hyundai all have a presence in the country, where annual production has more than doubled to 1.1 million units since 2000, surpassing Poland and the Czech Republic. And Turkish firms have developed particular expertise in light commercial vehicles, including taxis. The segment has grown at 22 per cent annually over the last nine years, outpacing both passenger vehicles at 16 per cent and trucks at 15 per cent.

“What we have seen over the past years is manufacturers are moving higher in the value chain,” said Pinar Sahin Fersoy, an analyst at Nomura International Plc in London. “The R&D capabilities of Turkey are increasing over time. “ But the country has yet to launch a local brand of global renown. The largest manufacturers remain Oyak-Renault, Ford Otosan and Tofas, co-owned by Fiat and Turkey’s Koc Holding, with production capacities ranging between 330,000 and 400,000. Compared to these players, Karsan is a blip, with production capability of just 28,000 units. Until now, it has mainly operated as a contract manufacturer, churning out vehicles for Renault and Citroen at its plants in Bursa, the Detroit of Turkey.

The tender to build 26,500 New York cabs over 10 years under its own brand will help change that, analysts say. A win for Karsan in the New York competition “will have a very good effect on Karsan itself and Turkey’s image,” said Berna Kurbay, automotive industry analyst with BCG Partners in Istanbul. “The big thing is if it goes beyond this New York City tender.” The Karsan V1 - the only cab designed from the ground up for the competition - has full handicapped access, WiFi and a glass, panoramic roof. Even if it doesn’t become the next New York cab, company officials say, Karsan will still produce and market the vehicle to other cities. The van can also be adapted to fit a broader

consumer market, said Burcu Ozenc, a spokesperson for the firm. "New York is just the first opportunity for us," said Ozenc. "Karsan will produce this car no matter what."
Source CTV.ca

CODA AIMS TO SELL 50,000 ELECTRIC CARS BY 2015

Electric car start-up Coda Automotive aims to sell 50,000 vehicles by 2015, mostly in the United States, chief executive Phil Murtaugh told reporters on Wednesday. Coda is making its first vehicle, the CODA EV, in China in partnership with Hafei, which is controlled by state-owned China Changan Auto, and is scheduled to begin selling it in the United States in the second half of this year. It will be sold to fleet buyers in California initially and slowly expand into other states, Murtaugh told reporters in Beijing. "Once we start selling to fleets and get a feel of how we are doing, we will start selling to consumers. Our plan is to go slowly," he said. *Source: [Reuters](#)*

NEXT MUSTANG TO FEATURE GLOBAL DESIGN INPUT, FORD SAYS

Ford's next-generation Mustang will be the first with styling themes proposed by studios in Europe, Australia and other regions. Previously, Ford's U.S. studio was solely responsible for Mustang design. Ford Motor Co.'s design studios worldwide will provide styling ideas for an American icon: the next generation Mustang. "It is a common process we [now] use on every vehicle," Derrick Kuzak, Ford's group vice president for global product development, said Tuesday at the Geneva auto show. Ford's next-generation pony car will be the first Mustang with styling themes proposed by studios in Europe, Australia and other regions. Previously, Ford's U.S. studio was solely responsible for Mustang design. "When we embark on a new product, particularly one that is all new, it involves all of the studios. Then J [Mays] and the design team pick the best of those themes," Kuzak told *Automotive News*. Mays is Ford's global design chief. Ford adopted the global design approach three years ago. Kuzak did not say when the redesigned Mustang is due. However, industry sources say the new sports coupe will debut in the 2014 or 2015 model year. While the final styling theme might come from outside the United States, he said, Ford's Dearborn, Mich., studio will have responsibility to turn the selected styling theme into a production vehicle.

Kuzak said the new Ranger pickup is the latest example of product cooperation undertaken by Ford's studios. "The Ranger was done by the Australian studio with input from the European studio," Kuzak said during an interview at the show. The Ranger is the first global Ford vehicle designed by the Australian subsidiary. The Ranger pickup was introduced last year and will be sold outside North America beginning later this year.

Kuzak said the Mustang "is not just an icon in North America, it is an icon globally."

Ford has conducted Mustang clinics in Asia and Europe. He said men and women within a wide range of ages were shown photographs of celebrities and asked, which person represents the Mustang?



The No. 1 person selected was Steve McQueen. *Source Automotive News*

FORMER GM DEALERS GET GO-AHEAD FOR CLASS ACTION

A class-action lawsuit that accuses General Motors of breaking franchise laws and acting unfairly when it closed nearly a third of its Canadian dealerships two years ago will be allowed to go ahead. An Ontario Superior Court has certified the case, which is seeking \$750 million, as a class-action lawsuit on behalf of more than 200 former GM dealers who lost their franchises in 2009. "Judicial economy will be promoted by the aggregation of the claims of the class avoiding multiple trials and potential duplication of fact-finding," Justice G.R. Strathy wrote in the decision, dated Tuesday. Strathy also allowed the case to proceed against law firm Cassels Brock and Blackwell LLP, which was hired to act for the Canadian GM dealers. The law firm has been accused being in a conflict of interest by also representing the Canadian government in the GM auto bailout.

GM declined to comment as the case was before the court.

Cassels was not immediately available for comment.

General Motors avoided a formal court-supervised restructuring in Canada, while it filed for a Chapter 11 bankruptcy restructuring in the United States. With the help of government financing from the U.S., Ontario and Canadian governments, GM shed debt and labour costs and posted last week its first annual profit since 2004. It had a US\$4.7-billion profit and US\$135.6 billion in revenue. It was the company's best performance since earning \$6 billion in 1999 during the height of the pickup truck and sport utility vehicle sales boom.

David Sterns, one of the lawyers for the lead plaintiff, Trillium Motor World in Toronto, said the decision gives the dealers a chance to mount a recovery of their own. "The

elimination of the dealers was a man-made disaster for hundreds of family-owned businesses forced to pay the price for GM's financial problems," Sterns said in a statement Wednesday. Source: CTV.ca

CHRYSLER RECALLING 250,000 VEHICLES OVER ENGINE STALLING

Chrysler Group LLC said it is recalling nearly 250,000 minivans and crossovers over engine stalling linked to two crashes. The company said it is calling back 248,437 2010 Dodge Caravan, Dodge Grand Caravan and Chrysler Town & Country vehicles built between August 2009 and June over concerns that some ignition keys may inadvertently move while driving, causing the vehicle to shut off. Chrysler told the National Highway Traffic Safety Administration it believes that 3 percent of the recalled vehicles have the problem. Chrysler will start notifying owners and dealers in April and will replace the part that houses the ignition key. Source: [The Detroit News](#)

AUDI SEEKS TO WIN OVER BMW'S 5-SERIES AFICIONADOS WITH A6 SEDAN

Volkswagen AG (VOW)'s Audi luxury brand will target executives with a revamped A6 sedan to increase sales and lure customers from Bayerische Motoren Werke AG (BMW) and Daimler AG (DAI) at the more expensive end of the product range. "The A6 is the epitome of the top-of-the-range sedan," Development Chief, Michael Dick said in an interview. "I'm convinced it will attract many buyers in the business community. This is an important segment for Audi." Audi aims to increase A6 deliveries by one-third after selling about 1 million of the model's previous generation during its seven-year lifespan, Dick said at the carmaker's headquarters in Ingolstadt, Germany. The overhauled version goes on sale in Europe in April starting at 38,500 euros (\$53,655). Source: [Bloomberg](#)
