



## *Weekly Car Dealers Newsletter*

August 24, 2009

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# Week of August 24, 2009

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### [JAPANESE SALES CLIMB IN 'CLUNKERS' PROGRAM](#)

Japanese automakers have gained significant ground on domestic automakers in the U.S. government's \$3 billion "cash for clunkers" program. General Motors Co., Ford Motor Co. and Chrysler Group LLC saw a dropoff in sales while those of foreign rivals rose in the latest tally of "cash for clunkers" sales, as Toyota Motor Corp. dethroned GM as the top seller. Foreign automakers now dominate the top 10 list of vehicles sold through the program, with just two American vehicles among the leaders: the Ford Focus FWD in third and the Ford Escape FWD in seventh.

#### **Top 10 buys**

Toyota sells three of the top 10 vehicles consumers are buying through the cash for clunkers program. Bestsellers:

Toyota Corolla  
Honda Civic  
Ford Focus FWD  
Toyota Camry  
Toyota Prius  
Hyundai Elantra  
Ford Escape FWD  
Honda Fit  
Nissan Versa  
Honda CR-V 4WD

*Source: U.S. Dept. of Transportation*

**Favorite trade-ins**

The most popular clunkers being traded in are built by Detroit's Big Three. Top 10 trade-in vehicles:

Ford Explorer 4WD  
Ford F150 pickup 2WD  
Jeep Grand Cherokee 4WD  
Jeep Cherokee 4WD  
Ford Explorer 2WD  
Dodge Caravan/Grand Caravan 2WD  
Chevrolet Blazer 4WD  
Ford F150 Pickup 4WD  
Chevrolet C1500 pickup 2WD  
Ford Windstar FWD Van  
*Source: U.S. Dept. of Transportation*

*Source: [The Detroit News](#)*

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**U.S. CARMAKERS MAKE STRIDES IN CUSTOMER SATISFACTION SURVEY**

The scores (chart attached) for all three Detroit companies rose in the 2009 American Customer Satisfaction Index, which is being released [today]. In terms of improvement, the Ford Motor Company, the only domestic carmaker to avoid bankruptcy and elect not to take emergency government aid, rose 5 percent, second only to Volkswagen. And in the rankings by brand, G.M.'s Cadillac tied for first place with its chief competitor, Lexus, while Buick and Lincoln-Mercury placed third and fourth, meaning that domestic brands accounted for three of the top four. *Source: [The New York Times](#)*

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**CHRYSLER CUTS POWERTRAIN WARRANTY TO 5 YEARS**

Chrysler Group LLC said Wednesday that it is dropping its lifetime powertrain warranty in favor of a 5-year, 100,000-mile guarantee. Chrysler spokesman Rick Deneau said the decision was driven by market research that showed consumers prefer warranties with a fixed time period. Powertrain warranties typically cover repair or replacement of transmission and engine parts. "Basically, the assumption of a lifetime warranty just wasn't that big a deal to consumers," Deneau said. The 5-year, 100,000-mile warranties will be transferable to new owners if the vehicles are sold before they run out, he said. The previous lifetime warranties were not transferable.

The new warranty program also includes the automaker's SRT and Viper models, which were excluded from the lifetime warranty. But the Sprinter van and the diesel version of the Ram pickup remain excluded, Deneau said.

The change is effective with the start of the 2010 model year. *Source: The Associated Press*

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**GM CANCELS 'HIDEOUS' BUICK SUV AFTER WOULD-BE CUSTOMERS TWITTER**

General Motors Co. said it canceled plans for a Buick sport-utility vehicle announced Aug. 6 after potential customers said in person and online that the model lacked luxury touches they expect of the brand. The decision was made Aug. 14, after GM earlier in the week showed the SUV and other future vehicles to consumers, dealers, employees, analysts and news reporters, Vice Chairman [Tom Stephens](#) said yesterday on a company blog. One blogger called it “hideous” and users of Twitter dubbed it the “Vuick.”



“We were all struck by the consistency of the criticism,” Stephens wrote. “It didn’t fit the premium characteristics that customers have come to expect from Buick.” He didn’t elaborate on the vehicle’s shortcomings.

The decision to cancel the Buick was based on all of the input, face-to-face, blogs and tweets, Christopher Barger, GM’s spokesman for social media, said in an interview. No matter how they expressed it “they just didn’t like it.”

The plug-in hybrid technology that was to be used for the Buick SUV will be applied to another vehicle that Detroit-based GM will discuss soon, Stephens wrote. GM had said it would begin selling the plug-in hybrid version in 2011, after the gasoline-only model began sales in late 2010. “It’s obviously a sign of a faster GM and a GM more open to outside feedback,” said [Jim Hall](#), principal of auto consulting firm 2953 Analytics in Birmingham, Michigan. “It also suggests there were already concerns inside the company about the product.”

Chief Executive Officer [Fritz Henderson](#) has said he wants to transform GM to be more responsive to customers and make speedier decisions. Dubbed ‘Vuick’ Negative feedback spread on Twitter Inc.’s site after users began calling the vehicle a “Vuick,” a reference to GM’s Saturn Vue that provided the basis for the Buick. It looked more like a retread than a fresh design, they said. Detractors began using the “#Vuick” name as a hash tag -- an indexing tool on Twitter that lets users quickly find messages on the same topic. Rebranding a mediocre model with a new name was typical of the “old GM,” blogger Joel Feder said last week on his Twitter account. He called the car hideous and a crying shame. “Vuick must die,” Feder wrote. *Source: Bloomberg.com*

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## **TOYOTA TO BOOST NORTH AMERICAN PRODUCTION OF 4-CYLINDER ENGINES**

Toyota Motor Corp. plans to increase North American production of four-cylinder engines by adding capacity at its Huntsville, Ala., plant. The company expects to hire at least 240 new employees and invest about \$147 million in the plan. The new four-cylinder engines will be used in its Camry and RAV4 models. “We’re pleased to be moving all of this production to North America,” vice president of Toyota Motor Engineering & Manufacturing North America Jim Wiseman said. *Source: [The Wall Street Journal](#)*

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## **TRANSMISSION PROBLEM - JETTA, GTI, EOS**

Volkswagen of America is recalling 13,500 vehicles to fix problems with a dual-clutch transmission that could lead to a warning on the dashboard. The recall affects 2009 model year

and a limited number of 2010 Jetta, Jetta SportsWagen, GTI and Eos vehicles built between September 2008 and August 2009. Volkswagen says some of the vehicles could have a faulty temperature sensor in the transmission, which could lead to the warning lamp lighting up on the dashboard. Source: [The Associated Press](#)

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