



Weekly Car Dealers Newsletter

February 5, 2007

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources. For more information please call our Edmonton office.

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LIVE FROM NADA
ROLLS GETS \$2M FOR FIRST DROPHEAD
NY GARAGE PARKS BY ROBOT
YEAH YEAH YEAH?- FORD GOES PODCASTING
JANUARY SALES SLUMP IN DETROIT
CHEVY PAIRS CORVETTE SPECIALS FOR CHICAGO

LIVE FROM NADA Notes and quotes from the 2007 NADA meeting held in Las Vegas. This year Conven Tang (Edmonton) and Garry Filafilo (Kelowna) accompanied me to the event. Notes and quotes from Michael Burenystein (Lehman Brothers) the Auto team America CFO Forum:

- Prices for nearly new Ford and GM vehicles should increase this year because of their commitment to sell 240,000 fewer units to the car rental companies;
- The likelihood that the following brands will grow by more than 10% in 2007 –
 - Toyota 47%
 - Lexus 67%
 - Honda 54%
 - Acura 92%
 - Nissan 66%
 - Infiniti 80%
- The likelihood that these brands will disappear in 4 years –
 - Pontiac 17%
 - Mercury 20%
- Chery will become Chrysler's entry level line
- GM has put its Allison transmission division up for sale, projected price - \$2 billion
- Ford and GM want to follow the Goodyear union deal that would put a cap on health car costs
- In the next five year Ford will merge Mercury stores with Ford locations and eliminate the Mercury brand
- In the next five years GM will complete the consolidation of Pontiac, Buick and GMC into single dealer points (75% complete now, following the Canadian model) and then ... rename the three lines into one product to save advertising and marketing costs. (On Monday this rumour/prediction was denied by all GM people at the franchise meeting.

- One of the original Big Three will fail or be forced to merger within the next five years. Ford and GM have enough cash for 4 years and Daimler's patience will run out.
 - Microsoft presented information about its new dealership accounting package. At best it is still a work in progress with rollout planned for late 2008.
 - At a meeting of the NADA IT group UCS (new owner of R&R) was admonished for its attempt to control dealer data bases and customer records. Those of you on R&R, don't sign anything without consulting Paul Gillrie or a lawyer!
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ROLLS GETS \$2M FOR FIRST DROPHEAD What's believed to be the most expensive new car in American motoring history has just been sold. More bizarrely, the vehicle involved doesn't even exist yet. The car in question was the first Rolls-Royce Phantom Drophead Coupé destined for the U.S. , and the price paid at charity auction was an eye-watering \$2 million. For the new owner - a resident of Naples, Florida - it's a staggering sum of money, not least because the list price is "only" \$407,000.

Production of the convertible, which made its debut at the recent North American International Auto Show, begins in the summer. This year's allocation has already sold out and the owner will take delivery of the car in the autumn. Commenting on the sale, a Rolls-Royce spokesman said: "This was a unique opportunity for someone to secure the first U.S. Drophead Coupé ahead of the current waiting list, and make a very generous donation to charity in the process. Everybody at Rolls-Royce is delighted with the result."

NY GARAGE PARKS BY ROBOT Parking in New York is a science: hunt down the right garage, "tip" the attendant properly, and hope your vehicle emerges from its usual spot. Hoping it emerges without a scratch - wait, you're new at this, aren't you? Now, as the Associated Press reports, the whole drama of parking in the city might become easier with the advent of robo-parking. A new garage that automates parking is opening in the Chinatown district, leaving much of the guessing out of parking and adding available spots.

The technology comes from a couple of firms that have installed the garages around the world and in other cities, like Washington, D.C., and Hoboken . Parking is automated when a driver puts their car on a parking pallet, which is lowered into the garage and put into a specific spot with robotic assistance. A turntable puts the car in drive-out position.

The owner of the new garage in Chinatown thinks they can turn 24 existing spaces into 67 robotized spaces, since the pallets can be positioned better. A single attendant takes payments and explains the garage to drivers. For about \$400, the robotic parking garage will be competitive with other city garages, the AP reports. Developers hope it won't go the way of another public robotic parking garage in Hoboken , where two cars were dropped several floors onto other vehicles.

YEAH YEAH YEAH? - FORD GOES PODCASTING You know you're getting old when a) you ask, "Who the hell is that?" when someone asks about a new band, and b) when you're considering buying a crossover vehicle. Ford apparently doesn't mind the at-odds positioning with the new Edge crossover, which will become the titled sponsor for a series of video podcasts coming to Apple's iTunes service.

Ford has hooked up with Rock River Music to bring the video downloads to iTunes for free, starting on January 31 and continuing once a month for the year. The bands included in the releases are Cat Power, the Yeah Yeah Yeahs, Wolfmother, and Gomez. The downloads will also be available at a Ford site, <http://www.fordvehicles.com/edgevideocast>, and other music sites aside from iTunes. The video podcasts will be up to 15 minutes long, Ford said in a release. Visitors to the Ford site or iTunes can use RSS to trigger monthly downloads.

The Edge went on sale late last year.

JANUARY SALES SLUMP IN DETROIT January sales numbers are beginning to emerge, and the numbers aren't good for Ford Motor Company. Ford says its sales were off 19 percent in January, largely due to a 65-percent cut in sales to fleets. Toyota, the Wall Street Journal reports, sold 175,850 vehicles in January, a boost of 13% in car sales and 5% in trucks.

Chrysler, meanwhile, reports that its sales rose slightly, up 0.5 percent, thanks to the introduction of the Jeep Wrangler. Mercedes-Benz, meanwhile, turned in a 37-percent sales boost for the month.

Honda sales were stronger than ever, but due to the number of selling days, its division sales slipped by almost two percent. Acura division saw its sales fall 10.6 percent.

Elsewhere, Volkswagen of America turned in sales of 16,610 units, up 2.3 percent from January 2006. Audi saw its sales rise more than 5 percent, in its best January ever.

CHEVY PAIRS CORVETTE SPECIALS FOR CHICAGO Chevrolet's twin Corvettes at next week's Chicago auto show will be special editions, not the long-rumored Blue Devil, or mid-engined Corvette, or V-6 version, or any of the other mythical Corvettes reported breathlessly elsewhere (and here, once - oops!).

The coppery Corvette Indianapolis 500 Pace Car Replica is dressed in Atomic Orange and will go on sale in the spring. GM promises 500 copies will be offered for sale. Fittingly, each one will be a convertible. Gold graphics and Z06 wheels are standard for the asking price of \$66,995.

The Indy Pace 'Vette will show up in Chicago next to the Ron Fellows ALMS GT1 Champion Corvette Z06 (whew! Almost ran out of letters!), a special version in Arctic White with racing stripes and Ron Fellows' autograph. It too goes on the sale in the spring, for \$77,500. Only 300 copies will be sold in the U.S. of a total of 399 cars.
