



## *Weekly Car Dealers Newsletter*

August 25, 2008

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

# Week of August 25, 2008

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### **2010 CADILLAC CTS COUPE HEADING TO L.A. SHOW**

Last January, they showed you the [Cadillac CTS Coupe Concept](#), a stunning two-door take on the new-for-2008 [Cadillac CTS](#) sedan. This weekend at the Pebble Beach Concours, [Cadillac](#) spilled the beans on the new [CTS Sport Wagon](#)--and though we can't show the final version to you now, they also showed [TheCarConnection.com](#) the final version of the [CTS Coupe](#) headed to showrooms soon.



The 2010 [Cadillac CTS](#) Coupe is remarkably similar to the concept shown above, with a dramatic wedge shape taking on V-shaped cues in the rear. The styling works for a roofed car, but [Cadillac](#) designers admit there's no practical way to turn the Coupe into a hardtop coupe-convertible, as [Infiniti](#) has done with the G37 and as another high-profile import luxury brand will do at the [Paris auto show](#) in October.

The production coupe is likely to get some of the tech features of the concept, like LED taillamps, 20-inch wheels and a 40GB hard drive for music storage and navigation. Also in the cards, we're betting, is the lineup of standard and direct-injection engines common with the other CTS variants--and maybe, the 2.9-liter turbodiesel and all-wheel drive of the Sport Wagon. Enthusiasts can hope for the 6.2-liter powerplant from the new [CTS-V](#), and it's probably not in vain. — Source: [TheCarConnection.com](#)

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## TOYOTA WANTS ALL-HYBRID LINEUP BY 2020



[Toyota](#) has become synonymous with hybrids-- and the Japanese automaker wants to make that connection even more universal in the next dozen years.

The [Wall Street Journal](#) reports [Toyota](#) will make a [hybrid](#) powertrain option available on all its vehicles by 2020. The move comes as [Toyota](#) is facing increased pressure with new [hybrids](#) coming from GM, [Ford](#) and [Nissan](#), and while it prepares to launch the 2010 Prius, which will eventually be built

in a new factory in Blue Springs, Miss.

[Toyota](#) likely will have to follow Honda's route with its [hybrid](#) system, reducing size and cost, to make the move to an all-hybrid lineup sustainable. But the automaker already offers a [hybrid](#) version of many of its most successful models; aside from the hybrid-only Prius, [Toyota](#) also sells [Camry Hybrids](#) and Highlander [Hybrids](#) and over at [Lexus](#), offers [hybrid](#) versions of its GS and LS [sedans](#).

In the meantime, [Honda](#) plans to undercut Toyota's Prius with a less expensive, slightly smaller [hybrid](#) vehicle due for a world introduction at this fall's [Paris auto show](#). GM is countering with the production version of its Volt [hybrid](#), which likely will be shown to journalists at an event celebrating the company's centennial on Sept. 16th, prior to a Paris show launch. On its front, [Ford](#) is promising its new Fusion and Milan [hybrids](#) will top the [Camry Hybrid's](#) fuel economy, and [Nissan](#) is jumping in with an all-electric vehicle after 2010 to go with a new [hybrid](#) system it's developed internally. — Source: The CarConnection.com

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## **FEWER BUYERS ARE SATISFIED WITH BIG 3**

Detroit's automakers lost ground this year to their Japanese and German rivals in the latest customer satisfaction survey by the University of Michigan, marking a reversal for U.S. manufacturers. In recent years, the domestic automakers had been closing the gap with their competitors in the American Customer Satisfaction Index, which asks owners to rate their satisfaction with the brand of vehicle they own. "We've seen Detroit improving, though its foreign competitors improved more," said professor Claes Fornell, who heads the study. "This year is more ominous. The gap is extending. Detroit is falling. It's all foreign at the top and all American at the bottom."

The results contrast with recent gains by General Motors Corp. and Ford Motor Co. in other quality and consumer satisfaction studies. Fornell attributed the drop to rising fuel prices, which he said have soured consumers to the big trucks and sport utility vehicles that have until recently been the focus of U.S. automakers. The survey targets consumers who have purchased their vehicle between six months and three years ago. Toyota Motor Corp.'s Lexus brand was first, followed by Germany's BMW AG. Toyota was third, followed by Honda Motor Company. GM's Buick brand received the highest marks of any domestic marque, and its Saturn brand was the most improved over last year, with its satisfaction rating climbing nearly 5 percent. But GM's bread-and-butter Chevrolet brand posted the biggest decline -- 3.7% -- falling below South Korea's Kia Motors Corp. Fornell noted that Saturn is GM's most fuel-efficient brand.

GM said it has not been able to review the survey, but said that other recent studies have shown solid improvements in both quality and customer satisfaction. "We still say with a high level of confidence that the level of our customer satisfaction is improving for most of our brands, based on independent studies and internal data," GM spokeswoman Janine Fruehan said.

Analyst Erich Merkle of Crowe Chizek and Co. (an Auto Team America member firm) said the news was not good for Detroit, but added that this survey is less closely watched than others. "The average consumer pays more attention to J.D. Power and Consumer Reports," he said. "At the end of the day, you still have to satisfy the consumer. You still have to have the products that people want to buy." The only brands worse than Chevy were Chrysler LLC's Dodge and Jeep. Jeep improved over last year, but remained dead last. The Chrysler brand also was below the industry average. "If I were Chrysler, I would certainly be concerned," Fornell said, noting that Chrysler has also done poorly in recent quality surveys.

Chrysler spokesman Ed Saenz said the company takes customer satisfaction seriously, and has been working hard to improve it since being acquired by Cerberus Capital Management LP last year. "We have a renewed and intensified focus on satisfying our Chrysler, Jeep and Dodge customers that has been under way for about a year," he said. "The new management is committed to satisfying our customers at every level. We are beginning to see, in internal numbers, improvements that indicate we are on the right path."

Ford's Lincoln and Mercury brands were above average, but fell 3.5 percent from last year. The Blue Oval was flat, remaining two points below the industry average. Like GM, Ford said it has scored better in other recent rankings. "This survey runs counter to the results of other recent surveys, in which we've made great progress," Ford spokesman Mark Schirmer said.

Overall, the auto industry as a whole was flat year over year, and Fornell offered some good news for the Big Three: "The good news is that, overall, the satisfaction scores compared to many other industries that we look at are high."

The university looks at a different group of industries each quarter. This study also looked at personal computers and appliances, among others.

**WORKING WITH PRIVATE EQUITY PARTNERS****- Condor Automotive Group is raising big bucks for dealership acquisitions**

According to a profile published in the *Philadelphia Business Journal*, Condor – led by auto dealer Carlos Hoz de Vila – and his equity partners at Park Avenue, will be raising an additional \$150 million to \$200 million, with a goal of acquiring 27 dealerships with a volume of \$2 billion by 2011. Last year Condor completed the purchase of Pennmark Auto Group with 3 Mercedes dealerships surrounding Philadelphia. This was accomplished using the funds raised from its initial arrangement with Park Avenue Equity Partners and with debt. The new round of equity funding will give Condor the financial strength to complete four anticipated acquisitions, with closings expected in spring 2009.

Carlos Hoz de Vila acquired his first dealership, a Dodge Chrysler Jeep and Hyundai store in Burlington City, New Jersey in 1994. According to the article, Hoz de Vila uses funds from his private equity partners, debt and the proceeds from selling the real estate under his dealership locations to Capital Automotive the REIT (an associate member of Auto Team America) that invests in new car dealership properties.

Condor is primarily interested in luxury and highly sought imports like Toyota and Honda, but will also consider domestic brands where the factories are looking for a consolidation partner. Hoz de Vila apparently believes that the age of many dealers is in his favor, with many advancing boomers looking for an exit strategy.

Also part of his grow plan is the retention of good operators after the business is purchased. After the purchase Condor will consider making equity positions available for talent that remains to run the business on site. If an equity position is desired, Condor makes them managing partners in the business. If not, they are retained as general manager employees.

The article also makes reference to MSD Automotive Partners out of Chattanooga, the company largely funded by Michael Dell and his family. A key player at MSD is Jeffrey Rachor who was past president and CEO of Pep Boys and a past exec with Sonic Automotive. MSD has not reported any dealership purchases according to the article.

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**HYUNDAI PLANS TO SELL GASOLINE-ELECTRIC HYBRID IN U.S.**

Hyundai Motor says it will bring a gasoline-electric hybrid version of its Sonata sedan to the U.S. Vice President of Product Development John Krafcik said Wednesday that Hyundai will display a hybrid version of the midsize Sonata at the Los Angeles Auto show in November. The South Korean automaker will announce at the show the date that the hybrid will be sold in the U.S. -

Source: [Associated Press](#)

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**GOLDEN IMAGE OF CORN-BASED ETHANOL SHOWS SOME EROSION**

Market changes and a growing chorus of concerns about ethanol make ... ethanol supporters question how long the good times will last. Industry supporters say opponents are overstating the impact of ethanol on food prices and ignoring other factors in driving up food costs — high oil prices and bad weather in exporting nations, for example. But they acknowledge that corn-based ethanol is not seen as the long-term solution to greater energy independence, but rather

*A Member of the MacKay Network*

a transition to more efficient biofuels that may not benefit those farmers fueling current ethanol plants. They also acknowledge that the explosive growth of the ethanol sector has contributed to increasing volatility in grain markets and in farming generally. "This is a roller coaster," Gene Hugoson, commissioner of the Minnesota Department of Agriculture, says of the farm sector. "I'm not so sure we're going to have permanent winners." - Source: [USA TODAY](#)

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