



Weekly Car Dealers Newsletter

January 16, 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 January 14, 2008

**FORD DUMPS DEALER TARGETS FOR DEALER BONUSES
CAR DEALER'S SON ARRESTED, SUED FOR ASSAULTING CUSTOMER
WORLD EXECS PREDICT BOOM FOR LOW-PRICE CARS
FORD NOT ABANDONING V-8S — NOT ENTIRELY
IIHS IS HEAD OVER HEELS FOR CADILLAC CTS**

FORD DUMPS DEALER TARGETS FOR DEALER BONUSES DETROIT — Ford Motor Co. is dropping the volume requirement from its dealership bonus program in 2008. The move is among several in the works aimed at boosting dealership profits. The changes to the program are designed to make it easier for stores to qualify for bonuses. Many stores had trouble qualifying for the payments in 2007, dealers said. "I can't stress enough how important dealer profitability is for us," said Jim Farley, Ford group vice president of marketing and communications. Ford is discussing more actions to improve dealer profits with the Ford and Lincoln Mercury national dealer councils, said Farley, who left Toyota in October to become Ford's global marketing chief. The revised dealership bonus program, which Ford calls its Sales Drive incentive, is a start. The program previously paid a per-vehicle bonus on targeted nameplates that were the same across the country. Ford dealers should watch for more developments early this year, said Charlie Gilchrist, chairman of the Ford National Dealer Council.

Source: *Automotive News*

CAR DEALER'S SON ARRESTED, SUED FOR ASSAULTING CUSTOMER

As WHEC-News in Rochester, New York reports, it's not every day that a car dealer's son is arrested for assaulting a customer. But that's what happened at Ralph Pontiac Honda in upstate New York. Now the customer has filed a lawsuit. The customer says she was in the market a year ago for a new Honda Ridgeline and found what she wanted at the Ralph store. After negotiating a deal, she says that she returned to the dealership with her signed contract to pick up her truck. That's when Mike Ralph, Jr., told her she needed to come up with more money. Mr. Ralph is an officer at the dealership and the son of the owner. "He proceeded to tell me that there had been a mathematical error and I would have to pay an additional \$2000," says the

customer. She refused to pay more and said she would take the contract to her lawyer. But she says Mr. Ralph grabbed the contract out of her hand and crumpled it up.

So the customer grabbed the dealer's copy of the contract off the desk and headed for the door. According to the police report, he followed her out yelling obscenities. That's when she alleges the altercation turned physical. The customer called police and went to the hospital with neck and back pain. Police charged Mr. Ralph with assault and harassment.

"(The customer) started an argument," says the attorney for Mr. Ralph. The attorney denies the confrontation ever became physical. "She was making a scene at Ralph Pontiac and he was charged with assault only because she called the police." Mr. Ralph ultimately pled guilty to the harassment charge, a minor violation of a town ordinance. As his sentence the judge made him send a letter of apology to the customer. He acknowledges he shouldn't have reacted the way he did. But now the customer wants more than just an apology

Last month, she filed this lawsuit asking to be reimbursed for the additional cost to buy the same truck elsewhere. She's also asking for punitive damages. Mr. Ralph's attorney says his client didn't fight the harassment charge because he felt bad and wanted to take responsibility for his part of the altercation

WORLD EXECs PREDICT BOOM FOR LOW-PRICE CARS Low-priced cars, crossovers and luxury vehicles will be hot areas of industry demand for the next few years, according to a survey of global industry leaders. Executives from 11 countries predict rising market shares for entry-level cars, more demand for new technologies, and also global sales growth for hybrid-engine vehicles this year. Forty-three percent of the executives believe that global hybrid vehicles will surpass 700,000 sales in 2008, compared to between 500,000 and 600,000 sales in 2007. The annual survey is conducted by international financial consulting firm KPMG LLP, and asks senior automaker and supplier executives to predict the direction of the auto industry. This year, 81 percent of the participants predicted higher market share for low-cost and introduction cars, up from 75 percent of the group last year.

Source: Automotive News

FORD NOT ABANDONING V-8S — NOT ENTIRELY In the wake of the last energy crisis, more than a quarter century ago, the big V-8 started to look like the automotive equivalent of a dinosaur. But as memories of gas lines faded, and consumers returned to their muscle cars, and as light truck sales soared to record levels, the V-8 underwent a phoenix-like comeback. Now, with fuel prices again setting records, and with tough new federal mileage standards going into effect, eight-bangers are once again an endangered species. Take Ford Motor Co.'s new EcoBoost technology, which will debut in the new MKS sedan. Instead of offering a V-8, like much of the competition, Ford will deliver the same levels of power with a turbocharged, direct-injection V-6 delivering significantly better fuel economy.

And *TheCarConnection.com* has learned that Ford will soon offer a twin-turbocharged version of its EcoBoost (which was earlier given the working name TwinForce). A senior executive with the struggling carmaker tells me to look for the twin turbo to deliver in excess of 400 horsepower and 400 pound-feet of torque. We're hearing word a prototype may wind up appearing at the Ford exhibit at the upcoming Detroit Auto Show. Don't be surprised to see a production twin-

turbo V-6 EcoBoost reach market in 2009 or 2010. Our sources indicate it would most likely debut on one of the brand's sportier models, though that could mean either a sedan or even a crossover. Could that mean on a new and long-awaited rear-wheel-drive platform? Global Product Development Director Derrick Kuzak wouldn't respond, though he did confirm that the RWD model is under development for use somewhere "in the Ford enterprise," which could mean Lincoln, Ford or even the weak Mercury marque, which could use something to get it off life support. As for a V-8, Kuzak was only slightly more loose-lipped on that subject. There "will be a new V-8," he acknowledged, adding that the plans call for its use on the truck side of the business. There are some models, like the big F-Series pickups, where you just can't get by without all those cylinders on engines like the Triton, shown above.

Does that mean we won't see EcoBoost show up in a Ford pickup or SUV? Not at all, several company officials noted, during a Tuesday evening dinner discussion. Take the single-turbo 3.5-liter version that will debut on the Lincoln MKS. Putting out 340 horsepower and 350 pound-feet of torque, it will actually outperform many comparable truck V-8s, in terms of acceleration, towing and payload. But there's still the issue of image. And truck buyers – especially those in full-size pickups – tend to be a conservative lot. So getting them to forego the V-8s they've grown up with will be a hard sell. "That's for Jim," said Kuzak, referring to Jim Farley, Ford's new marketing czar. He's the one who'll have to convince V-8 fans it's better to switch than fight.

IIHS IS HEAD OVER HEELS FOR CADILLAC CTS



While Cadillac prepares in earnest for the 2008 Detroit auto show--there's a Provoq fuel-cell-powered crossover and the 550-horsepower CTS-V to see--it's also slapping itself on the back with today's news that the CTS has earned a Top Safety Pick.

The designation comes from the Insurance Institute for Highway Safety (IIHS), an insurance industry-funded research group that regularly goes out and smashes cars into walls to see how well occupants will be protected--like the Feds do, but with a little more speed

involved. The IIHS says the CTS gets its Top Safety Pick designation for the 2008 model year, with IIHS president Adrian Lund saying, "all luxury cars should perform as well as the CTS. It's a leader in its class for safety." The "Top Safety Pick" requires that the vehicle in question meet the highest ratings in crash tests from the front, side and rear, and also requires stability control as standard equipment, a change in standards that was made in 2007. The CTS is one of only three large luxury cars to earn the award, Cadillac says.

More info on the Institute's tests is available at their Web site, www.iihs.org.