



Weekly Car Dealers Newsletter

June 9, 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.

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[INCENTIVES UP SHARPLY](#)

Looking for a good deal on a new car, truck, or crossover? It may be a good time to check out the nearest showroom. Watching sales plunge to their lowest levels in years, frantic automakers are sharply ramping up rebates and other incentives. The industry had been hoping to hold back. Incentives not only hurt a brand's image but devastate used car residuals – that means lower trade-ins and higher lease payments. But with the industry's May sales plunging to little more than 15 million, on an annualized basis, domestic and import manufacturers have grudgingly come to realize they have no choice.

The numbers were already fast on the rise, according to a report from Edmunds, which estimated that the typical vehicle sold in the U.S. carried \$2,483 in givebacks last month. That's up 5 percent from year-ago levels and 5.6 percent from April of this year. Not surprisingly, Detroit spent the most on incentives, at an average \$3,489, or \$266 more than in April. Chrysler had the most lavish offerings, coming to \$3,714.

Europeans came in close behind, at \$2,935, a nearly 10 percent jump for the month. That has to hurt, considering makers like BMW and Volkswagen are already swallowing hard because of the weak dollar. South Korean makers, coincidentally, also averaged \$2,935 in givebacks, though that figure was the rare monthly decline – down by \$224 from April.

Even the Japanese showed a big increase, rising to \$1,324 per vehicle. And that doesn't include some of the soft givebacks the Japanese favor, where they provide sales assistance to dealers, who can then pass some of that onto reluctant buyers to sign on the dotted line.

Across the board, the biggest incentives were available on light trucks, especially full-size pickups. Barring some unforeseen shift in direction, look for even bigger givebacks when June's numbers are tallied.

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CADDY BULKS UP NEW CTSV; SETS NURBURGRING RECORD

I can't see much through the visor of John Heinrich's full-face helmet. Nor can I move much once I'm all strapped into the molded Recarro seat of a near production-ready, 2009 Cadillac CTSv. But the crinkles in the corner of General Motors' top test driver's mouth tell me we're about to have a good time out on the high-speed test circuit at GM's Proving Grounds, in Milford, Michigan.

"Ready?" Heinrich asks, and he accurately reads the smile

on my own, helmeted head as a yes. Slipping the sedan into gear, he strokes the throttle and releases the clutch. We might as well have been shot out of a cannon. The new CTSv shoots out of the gate and into the first corner, which Heinrich takes at speeds I wouldn't have even considered and certainly not dared. We charge through a short straight and into a highly banked oval that makes you feel like you've been caught onto one of those carney whirligigs. I can feel the blood in the back of my eyeballs, but Heinrich isn't even breathing hard--just calmly navigating every move he's making--and how the car is responding.

To sum it all up in two words: amazingly well. The first-generation CTSv was a solid performance car, pumping out an even 400 horsepower and 395 lb-feet of torque. It did a reasonable job up against many of its import competitors, though it also had a couple dismaying problems, like the tendency of the rear wheels to crow hop under a hard launch.

Not so the new v. It's solidly planted and absolutely impressive, as we discovered during an afternoon at the Proving Grounds. Give us some more time and we're bound to find something to complain about--nothing is perfect. But for now, the '09 Caddy CTSv has clearly landed a spot on our wish list.

The supercharged LSA 6.2-liter V-8, a cousin of the Blue Devil Corvette's LS9, makes a jaw-dropping 556 horsepower and 551 lb-feet of torque. You do the math. Both the automatic and stick pull the same acceleration numbers, GM officials claim, which means 3.9 seconds, 0-60, and 12 seconds in the quarter-mile. Top speeds are rated at 191 mph for the stick, 175 for the automatic.

But here's the number that the competition should really take seriously: 7:59.32. That's how long it took Heinrich to make it 'round the grueling Nurburgring, arguably the most challenging endurance course in the world, and certainly a benchmark track. While there may be some debate, this appears to be the fastest-ever time clocked by a production car riding on street tires. Oh, and intriguingly, Heinrich did it with the CTv automatic.

Getting there required a variety of edge-of-the-envelope enhancements to the engine, many of which GM engineers are keeping under their hat until the formal CTSv preview, later this year. But some of the most compelling changes occur further down the drivetrain. The prop shaft and rear differential have, as you might imagine, been beefed up to handle all that added torque. But the solution to that take-off hop problem proved surprisingly simple: an uneven pair of rear driveshafts. We'll spare you the engineer speak, but the new approach now delivers all the power the engine can make right to the ground.

The v's Magnetic Ride Control has also been enhanced, and in Sport Mode, even a pair of railroad tracks couldn't jounce the sedan off-line at 90 mph.

The original CTSv was shepherded in by GM's car czar, Bob Lutz, and designed to help reposition Cadillac as a truly global competitor. Despite the flaws in the first-generation car, it did an admiral job of emphasizing the automaker's engineering prowess. The '09 CTSv should do an even better job. Of course, the question is whether anyone will care.

Regular readers will note that Lutz spends a lot of time, these days, showering praise on more green-minded models, such as the upcoming Chevrolet Volt. But don't think that GM is ready to walk away from performance. No more than Mercedes-Benz will abandon AMG, or BMW its M-series. The '09 Caddy won't generate the sort of numbers likely to shift the sales charts, but it will nonetheless play an important role in the ongoing revival of General Motors' flagship brand.

— Paul Eisenstein, *TheCarConnection.com*

CHRYSLER CONSOLIDATION CONTINUES

Chrysler eliminated 196 dealers from its ranks nationwide in the past 12 months, while at the same time adding 70 "Genesis" stores, which sell all three of the factory's brands, reports the *Detroit News*.

Most of the three-brand stores came from combining Chrysler-Jeep and Dodge dealerships. In the past five months, 37 Genesis stores have opened across the country. Slimmer profit margins are causing some dealers to exit the business, while others are looking to add brands so they can maintain or increase their volumes. Chrysler had 3,488 dealers at the end of May; 58 percent were Genesis shops -- that's up from 52 percent a year ago.

"The number of dealers that are interested in this program is growing every week," a Chrysler spokesman said. "The overall market has declined for three months and that decline has been more significant for trucks and SUVs, which are a dealer's most profitable vehicles ... dealers are now talking about their long-term strategy."

DONUTS WITH YOUR TOYOTA

Tom Craven is one of many residents of Scranton, Pennsylvania, who stop at a local Toyota dealership for their morning coffee, reports the *Scranton Times-Tribune*. "It's also my favorite spot for lunch," Mr. Craven, said, after he paid for his coffee at the Dunkin' Donuts inside the Toyota Scion of Scranton dealership. Mr. Craven, a shipping clerk at a grocery store nearby, likes the convenience of walking to the dealership for refreshments.

Co-branding is an expanding trend. The Dunkin' Donuts and Toyota Scion co-location is a four-year agreement between Toyota Scion partner Greg Gagorik and Dunkin' Donuts franchise co-owner Jerry Fives. "This is the first Dunkin' Donuts in a Toyota (dealership) in the country," Mr. Gagorik said. "I get the ability to have a very good hospitality service to our clients." Mr. Fives pays no rent under the arrangement, in which his Dunkin' Donuts occupies 250 square feet of the 53,000-square-foot sales and service facility. Two employees work at the doughnut shop, which operates from 7 a.m. to 6 p.m. The shop sells doughnuts and a full range of beverages, but no sandwiches.

The shop draws about 800 customers a week, Mr. Fives said, about 10 percent of the average traffic volume at his other Dunkin' Donuts stores.
