

DEALER MANAGEMENT WEEKLY™



Significant Automotive Industry News for Dealer Principals, General, Sales, & Service Management of Dealer Operations

Tuesday, September 25, 2007

NEW! TIPS & TOOLS FOR DEALERS - SPONSORED BY CARS.COM

LATE & BREAKING NEWS



LITHIA WILL SWITCH TO NO-HAGGLE: Lithia Motors Inc. will switch to no-haggle vehicle pricing at its more than 100 dealerships within three years, CEO Sid DeBoer says. The public retailer calls its program "Assured Cars and Trucks." In its first phase, Lithia sets maximum prices for new vehicles - generally less than automakers' sticker prices - that leave little room for negotiation. The pricing policy also covers used vehicles.

Automotive News, September 24, 2007

Recent Related Digests: ● [Lithia Motors Will Launch Separate Used-Car Chain](#)

WILHITE RESIGNS FROM HYUNDAI: Steve Wilhite has resigned as chief operating officer of Hyundai Motor America after a little over a year at the automaker....Mr. Wilhite's resignation comes just days before Hyundai's annual national dealer meeting in San Diego this Thursday...Mr. Wilhite's tenure at Hyundai has been rocky; speculation about his departure has been buzzing on the grapevine for months.

AdAge.com, September 24, 2007

Recent Related Digests: ● [Hyundai Seeks to Shed 'Value' Image in New Campaign](#)



Videos & Voices of Significance This Week



Ralph Paglia
ADP Dealer Services

 [Challenges and opportunities facing ADP Dealer Services](#)

=====Advertisement=====



This Week: Ralph Paglia



Ralph Paglia
Director - Digital Marketing
[ADP Dealer Services](#)

Ralph_Paglia@ADP.com

Ralph Paglia joined the ADP Dealer Services Division, headquartered in Hoffman Estates, IL, as their Director of Digital Marketing responsible for OEM and National Accounts in March, 2007. He is focused on developing ADP's Digital Marketing growth opportunities with car companies and enterprise level dealer organizations. Prior to joining ADP, Ralph served as OEM Partnership Executive for the Reynolds and Reynolds Company of Dayton, OH.

1. When responding to an Internet sales lead, which comes first, an e-mail or a phone call?

An email response that provides the information requested by the customer is a non-negotiable aspect of successfully responding to Internet leads because it is what the consumer expects, and usually what they have been promised by the web site where they submitted their inquiry. However, immediately following that initial email, your most successful approach is to get the customer on the phone as soon as possible. The quick e-mail providing fast and written answers to the customer's questions can help you start to establish some rapport on the phone.

2. How do you handle a known subprime customer versus a customer with good credit or someone you can't identify?

Where prime credit customers will get what they want, subprime customers need flexibility to switch to a different vehicle. The subprime buyer can come in looking for a truck and drive out in an economy car.

If you don't know the customer's credit background, there are usually some quick giveaways. The customer could mention that they currently have a high interest rate on their existing note. The primary objective of making a connection with a prospective customer is to establish some level of positive rapport. One of the biggest mistakes most sales professionals make is getting into discussions around credit background before the customer has been to the dealership.

3. How do you handle your own dealership's Internet leads versus third party leads?

With a dealership lead, the customer has indicated a certain level of acceptance and a willingness to do business with that dealership, or you would never have obtained the lead. It's only natural your own leads will close at a higher rate.

One of the best practices with third party leads is to invite them to your web site. But do it quickly. Keep in mind those third party leads are probably going to several dealers at once. You're competing with other stores. It's like a horse race. The gun goes off and the fastest horse to the finish line wins. Time is super critical.



PUT IT ALL TOGETHER
with
Chrome Construct™



chrome®

With leads from your own web sites, you still have the burden of responding quickly, but there's a little more leeway, a little less work to do. You don't have to spend as much time convincing them your dealership is a good place to do business; they've already indicated that they are willing to do business with your store.

4. Are there differences in best practices between new vehicle shoppers and used vehicle shoppers?

With a used car shopper, you're going to get into a lot more phone and physical running-around work than Internet work. New car shoppers will look more to the Internet. A used car shopper is looking for a specific vehicle online, and if the car that generated the lead is no longer available, then you need to tell them it's under contract, but that you have a number of other vehicles very similar to it. A new car buyer isn't as concerned with supply because he or she knows that the manufacturer will always make more, or your store can locate the vehicle they want.

Compared to used car leads, whether or not you are successful in making a sale to a new car lead seems to depend a lot more on how you treat the customer than whether or not you have it in stock, or even the exact pricing specifics. Convenience is a very big factor in successfully handling new car leads. If the customer can get the deal done by phone and email and then come pick up their car in less than an hour, you'll get great CSI scores.

-----Advertisement-----



AutoUSA
Dealer Network

America's best source of online customers™

**Online shopping isn't about clicking.
It's about closing.**

Online lead providers love to talk about how much traffic they generate. They're less eager to talk about how many sales they generate.

Except AutoUSA.

We consistently deliver the industry's top lead-to-close ratio. [Click here](#) to find out why.

SIGNIFICANT NEWS

News digested 09/17/2007 -- 09/21/2007

- 1) **Analysts: Auto Sector Recession 'Armageddon' for Detroit**
- 2) **JD Power: Large Pickup Market Share Hits 20-Month High**

- 3) **Jim Press Aims To Increase Market Share While Shrinking Dealer Body**
- 4) **US Health Agency Retracts Advice to Employees to Purchase Foreign Cars**
- 5) **Megadealer Penske Boosts Profits with Foreign Franchises**
- 6) **AutoUSA Initiative Results in High New-Car Closing Rate**
- 7) **Automakers, Consumers Moving Towards Crossovers**
- 8) **Hybrid Sales Jump 49% This Year**
- 9) **GM Offering Zero Percent Interest to Move Out 2007 Models**
- 10) **Another Marketing Exec Leaving VW**
- 11) **Francisco Codina Leaving Ford**
- 12) **JD Power Answers the Question: What Do Women Want?**

-----Advertisement-----



DEPARTMENTS

Industry Conferences Coming Up

Press Releases Worthy of Read

People Going Places

What Industry Leaders are Saying

"Elite Wheels" Vehicle Reviews

-----Advertisement-----



Industry Conferences Coming Up

23rd Annual Clean Air Conference
Breckenridge, Colorado, September 24 - September 27, 2007

International Trucking Show
Los Angeles, CA, September 28 - September 30, 2007

Visit Calendar of Industry Events for More Information on These Events

<http://www.automotivedigest.com/calendar.asp?mod=calendar>

[Return to top](#)

-----Advertisement-----



ADP MEET ADP NETWORK PHONE:
YOUR MOST PRODUCTIVE EMPLOYEE
CLICK HERE TO LEARN MORE.

Press Releases Worthy of Read

This Week's FEATURED Industry Press Releases



[Auto Dealer Traffic Certified as Google AdWords Company For Third Year \(9/19/2007\)](#)



[AutoTrader.com Ranks Highest In Overall Satisfaction Among Both New and Used-Vehicle Services in J.D. Power and Associates Study \(9/21/2007\)](#)



[Compli and Hudson Cook LLC Form Alliance to Provide Expert Compliance Content to U.S. Auto Dealerships \(9/20/2007\)](#)



[DataScan Field Services Contracts with Chrysler Financial for Off-Lease Inspections \(9/17/2007\)](#)



[Georgia Auto Dealership Increases Internet Car Sales with Dealerskins Web Solutions \(9/18/2007\)](#)

[Click here for more Industry Press Releases!](#)

-----Advertisement-----



be first with Rapid Response!
autobytel  **Get Started!**

People Going Places

WHO: Francisco Codina

WHERE: [Ford Motor Company](#)

WHAT: Francisco Codina, Ford Motor Co's US sales chief, is retiring on November 1. Codina, 55, has been group vice president of North American marketing, sales and service since early 2006. He joined Ford in 1977. His career included being head of the customer service division, general marketing manager for Ford division and president of Ford of Argentina. Ford has not named a replacement, but says it will begin a search immediately.



[READ ABOUT MORE PEOPLE!](#)

-----Advertisement-----



What Industry Leaders are Saying

Analysts: Auto Sector Recession 'Armageddon' for Detroit:

- "I'm predicting that we will be in a recession around the end of this year. Quite honestly, that would be an Armageddon type of scenario." -- **Erich Merkle, director of automotive forecasting, IRM Inc**
- "The Detroit 3 are struggling enough right now on what we forecast is a 16 million light-vehicle year for 2007." -- **Ephraim Levy, analyst, Standard & Poor's Equity Research**

Sourced From: *Automotive News*, September 17, 2007, page 1

[Return to top](#)

-----Advertisement-----

LET COMPLI SHOW YOU HOW

**Elite Wheels Vehicle Reviews**

[Mazda6 Upgraded Inside and Out for 2007](#) 

[Return to top](#)

-----Advertisement-----

FREE SALES TRAINING PROGRAM
CLICK HERE

1) Analysts: Auto Sector Recession 'Armageddon' for Detroit**Situation**

- These are not happy days for Detroit 3: sales down 7.9% in 2007, car sales declined 13.5%
- Market share for GM, Ford, Chrysler continues slide, down almost 3 percentage points in 1st 8 months of 2007
- US automakers have been bleeding market share for years in a robust market
- New-vehicle sales in US haven't dipped below 16M since 1998
- Car-truck sales trailed 2006 in 6 of 8 months in 2007; sales have been down for 3 months in a row
- Even Toyota suffered sales declines in July and Aug

**Significant Points**

- Some analysts see signs of an auto recession
- Has not been full-fledged auto recession since early 1990s
- Last 8 years (1999-2006) have been best in history of US auto industry
- Detroit 3 have lost 18.5 points of market share; fallen from 69.8% in 1998
- In 1998, Detroit 3 sold 10.9M new cars and light trucks; in 2006 they sold 8.9M
- If market dropped to 14M, the Detroit 3 would be looking at annual sales of 7M

[Read Quotes](#)

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23128

Sourced From: *Automotive News*, September 17, 2007, page 1

[Return to top](#)



-----Advertisement-----
Collect more than 20% of your customers' email addresses in less than 4 weeks.
 EMAIL COLLECTION for CAR DEALERS 1-800-697-3806

2) JD Power: Large Pickup Market Share Hits 20-Month High

Situation

- Large pickup market share has hit 20-month high of 14.9%, says JD Power report
- And net prices for large pickups being driven closer together by intense competition
- Incentive spending on large pickups was \$4.5K on average in August, playing a key role in driving sales
- Incentives haven't been that high for large pickups since July 2006



Significant Points

- Price gap for the 7 large pickups narrowed from \$4.8K in Jan to \$3.4K in August
- Loyalty ratings among large pickup owners hit 74.2% in August
- That's 2nd-highest it's been in past 20 months

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23098

Sourced From: J. D. Power and Associates, September 19, 2007

[Return to top](#)



-----Advertisement-----
Click to visit AutoIndustryForum.com!

CLICK HERE!

3) Jim Press Aims To Increase Market Share While Shrinking Dealer Body

Situation

- Jim Press made surprise career move to join Chrysler LLC; said time was right for job change
- New job as vice chairman/president gives him opportunity to apply lessons learned at Toyota
- Chrysler in midst of turnaround; lost \$680M in 2006 and \$2B in 1st quarter of 2007
- Cerberus Capital Management LP bought 80.1% stake in Chrysler in August
- Number of Chrysler dealers may have to be reduced to strengthen network



Jim Press

Significant Points

- Mr Press expects Chrysler and other US automakers to re-gain market share
- Chrysler's effort to shrink dealer base would continue
- Compelled by Cerberus's offer to help rebuild American icon
- Chrysler hadn't made responses necessary to keep retail organization profitable
- Cerberus making moves to build top-notch management team

Read Quotes

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23097

Sourced From: Detroit News; The Wall Street Journal, September 21, 2007

[Return to top](#)



The Most Trusted Name

4) US Health Agency Retracts Advice to Employees to Purchase Foreign Cars

Situation

- Under mounting pressure, US Department of Health and Human Services issued apology for advising 67K employees to purchase Japanese or S Korean cars
- Move shows that Detroit 3 still have some clout, despite recent political defeats
- Including tighter fuel economy rules recently passed by Senate
- Department e-newsletter advised buying Toyota, Honda, or Nissan over Chevy, Ford, or Dodge to cut back on fuel costs
- Michigan's 15 House Representatives all complained to Health and Human Services Secretary Mike Leavitt



Michael Leavitt

Significant Points

- E-newsletter listed top 12 "green" cars, according to American Council for an Energy Efficient Economy
- All 12 models were Japanese or S Korean
- List included Toyota Prius and Yaris, Honda Fit and Hyundai Accent
- As well as hybrid versions of Nissan Altima, Honda Civic, Toyota Camry

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23113

Sourced From: Financial Times; Detroit News September 21, 2007

[Return to top](#)

5) Megadealer Penske Boosts Profits with Foreign Franchises

Situation

- US-made autos have declined in sales volume over the past several years
- Penske Automotive Group began buying foreign franchises several years ago
- Now PAG is expanding its overseas franchises, totalling 145 in UK, Germany
- JP Morgan analyst Ed Yruma: PAG focus on import brands largely overlooked by others
- PAG won sole right to distribute Smart cars in US due partly to global outreach



Significant Points

- Analysts see Penske as 1 dealer capable of bringing global market to the US
- Luxury autos, imports make up 95% of Bloomfield Hills, MI-based megadealer
- Diversification has helped Penske weather sales decline in N American market
- Total US sales fell 2.8% in Aug, to 11M, lowest year-to-date total since 1998
- New-car sales up 2.2% in UK, where 90% of PAG's non-US sales are concentrated

Read Quotes

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23126

Sourced From: Detroit News, September 17, 2007

[Return to top](#)

6) AutoUSA Initiative Results in High New-Car Closing Rate



Situation

- Kain Automotive, training/consulting group, ran 6-month study of lead providers
- Kain found that among 80 dealers, Jan-June, [AutoUSA](#) close rate at 11.61%
- 2nd-closest to [AutoUSA](#) is [Autobytel](#), about 3% behind, both way ahead of the rest
- AutoNation pleased by close rate through [AutoUSA](#), 20% higher than other providers

Significant Points

- High [AutoUSA](#) close rate attributed to close partnerships w/ top websites
- Top-rated websites include Edmunds.com, [Kelley Blue Book](#), MSN and Yahoo!
- [AutoUSA](#) increased capital expenditures, hired top-notch employees to reach goals
- [AutoUSA](#) employees hired for technical expertise and customer-oriented focus

Read Quotes

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23117

Sourced From: [AutoUSA](#) Press Release, September 17, 2007

[Return to top](#)

7) Automakers, Consumers Moving Towards Crossovers

Situation

- More consumers reject minivans, truck-based SUVs
- Looking at crossover utility vehicles
- They're like an SUV but built on car chassis for smoother ride
- Crossover sales also impacting minivans
- Ford, GM no longer selling minivans
- Chrysler hopes innovation holds its minivan customers



2008 Ford Taurus X

Significant Points

- Crossovers outsold truck-based SUVs for 1st time last year; 2.4M total units
- More than 50 models are now on market; could be 80 in 2 years
- Crossovers range from small 4-passenger to models that seat 8
- Detroit automakers hope to recapture customers who abandoned SUVs
- Detroit's market share under 50% for 1st time ever
- Ford crossover sales up 44% this year

Read Quotes

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23109

Sourced From: AP via MSNBC, September 21, 2007

[Return to top](#)

8) Hybrid Sales Jump 49% This Year

Situation

- Sales of hybrid vehicles up 49% so far in 2007
- Midwest region leading charge; sales there up 47%



Significant Points

- OK leads all states w/ 143% jump in hybrid sales
- RL Polk says 215,997 new hybrid vehicles registered in 2007
- Toyota Prius and Camry Hybrid most popular models
- HI only state to register decline in hybrid sales

- Elsewhere, West region up 52%, Northeast up 49%, South up 42%
- Analysts say hybrid sales likely to surpass 300K units this year

Read Quotes

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23129

Sourced From: AP via Detroit News, September 18, 2007

[Return to top](#)

9) GM Offering Zero Percent Interest to Move Out 2007 Models

Situation

- GM giving zero-interest loans of up to 5 years on some 2007 Chevy Silverado and GMC Sierra large pickups to clear them out
- Program designed for GM to "continue its sales momentum" and clear 2007 models from lots
- Program also offering \$1K discounts on models including 2007 Chevy Impala and Saturn Ion sedans, GMC Yukon SUVs
- Leihmann Brothers analyst Brian Johnson says GM will be challenged to clear out light trucks



Significant Points

- \$1K discount also being given on 2008 Buick Lucerne and Pontiac G6 models
- Chevy Silverado saw 2.2% sales decline this year through Aug
- GMC Sierra saw 2.4% sales decline through Aug 2007
- Large pickups represent about 25% of GM's US sales

Read Quotes

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23131

Sourced From: Detroit News, September 21, 2007

[Return to top](#)

10) Another Marketing Exec Leaving VW

Situation

- David Goggins has left position as director of product marketing and strategy at VW after 14 months
- Kerri Martin, former director of brand innovation, and Karen Marderosian, former director of marketing and brand experience, also left VW this year
- Goggins is going back to Bentley, where he had been marketing chief until July 2006
- VW sources say marketing dept is being overhauled as company moves to Virginia from Detroit
- And few of current marketing team will be asked to move along w/ company



David Goggins

Significant Points

- Martin brought on ad agency Crispin Porter during her tenure
- 9 key employees have left VW in past 18 months
- This year VW has seen stalling sales due to lack of new product

Read Quotes

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23130

Sourced From: ADWEEK, September 21, 2007

[Return to top](#)

11) Francisco Codina Leaving Ford

Situation

- Francisco Codina, group VP of marketing, sales, and service leaving Ford on Nov 1 after 30 years
- Ford president of the Americas Mark Fields gave Codina credit for starting to stabilize retail market share
- Even though company has missed key retail share objectives in past several months
- Shoring up consumer sales critical to Ford's ability to stop losing money, limit job cuts
- But all of Detroit 3 still having trouble convincing consumers to buy their products



Francisco Codina

Significant Points

- Rumors have spread throughout Ford for months that Codina would be leaving
- Ford currently has 44K N American job cuts underway
- Ford's retail market share fell to 12.5% in July, after hovering around 13%
- If Ford hires a new CMO to replace Codina, it will have 41 corporate officers
- Down from 53 corporate officers when turnaround plan was announced in Jan 2006

Read Quotes

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23096

Sourced From: Detroit Free Press; Detroit News, September 21, 2007; AdAge, September 21, 2007

[Return to top](#)

12) JD Power Answers the Question: What Do Women Want?

Situation

- Luxury car w/ highest male ownership is Audi RS4; w/ highest female ownership is Volvo S40
- Women's top 10: sensible, entry-level cars, small SUVs; stress safety, quality, reliability, value
- Volvo brand dominated top 10 w/ 3 winners; #1 luxury brand for female ownership overall
- Most popular, w/ 58.3% of all female buyers, was VW's New Beetle
- Including non-luxury brands, Suzuki was # 1 brand purchased by women this year
- JD Power's Power Information Network's survey of cars w/ highest percentage of female ownership



2008 Volvo S40

Significant Points

- Men more likely to buy cars w/ their heart; women w/ their head
- Volvo popularity doesn't translate to sales: S40 sale down about 17% YTD
- BMW 3 Series sales up about 25%; not on PIN's top 10 list of women's favorites
- Including non-luxury brands, women bought 37.3% of new vehicles in 2007 thru Aug
- Most popular luxury list purchased by women are entry level for their respective brands

Read Quotes

Click Here for Full Digest and Source Article:

- http://www.automotivedigest.com/view_art.asp?articlesID=23110

Sourced From: Business Week, September 20, 2007

[Return to top](#)

To advertise in Dealer Management Weekly, [Click Here](#) or email Chuck@automotivedigest.com



Courtesy of

automotive digest

**Online Coverage of Significant Events and Activities
in the Automotive Industry**

Subscribe at www.automotivedigest.com

P: 310.265.2225 F: 310.796.4591
E: Webitor@automotivedigest.com
425 32nd St., Manhattan Beach, CA 90266

To Unsubscribe go to <http://www.automotivedigest.com/unsubscribe.asp>