





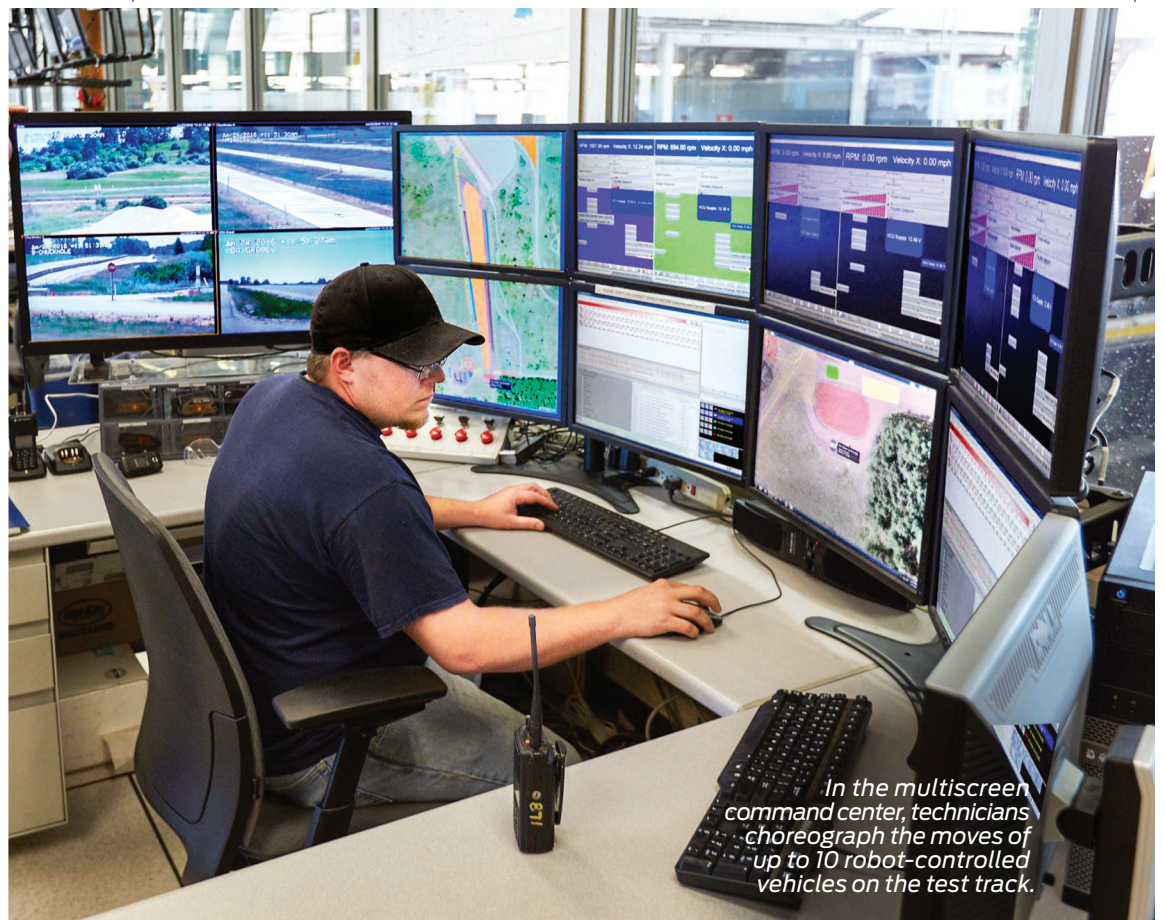


Test footage. Do not attempt.

**“Robots can take a beating.”**

DAVID PAYNE

Manager, Vehicle Development Operations



In the multiscreen command center, technicians choreograph the moves of up to 10 robot-controlled vehicles on the test track.



**“We wanted to take extreme vehicle testing to the next level without putting test-drivers at risk,”**

said David Payne. From potholes and curbs, to off-road trails and high-speed tracks, Payne and his team take Ford vehicles through bone-jarring durability testing that not only challenges vehicles but also human endurance. “To age vehicles by the customer equivalent of 10 years or 150,000 miles in a short span of time, we need to make our durability courses as tough as possible. Replacing humans with robots in extreme situations has been a win-win — less physically demanding jobs for our drivers and harder, longer, more grueling tests for our vehicles,” he said. This year, Payne’s department was awarded the Ford President’s Health & Safety Award for innovative robotic designs — one of which is the Ford-patented Pedal Assembly that easily attaches to and detaches from the seat to go from autonomous robot to real driver in seconds. “Using robots to put Ford vehicles through even tougher paces will help us continuously improve our vehicles. For customers, that’s a major plus.”

Find out more about Ford at [social.ford.com/an](http://social.ford.com/an).



# Model 3 will push Tesla to its limits

Investors' patience also put to the test

**David Undercoffler**  
undercoffler@crain.com

Tesla Motors had a quarter of nagging distractions.

In late June, CEO Elon Musk proposed a puzzling acquisition of another company he's affiliated with, SolarCity. There was a fatal crash possibly involving Tesla's Autopilot system that's now under federal investigation and concern over nondisclosure agreements customers were being asked to sign on safety-related suspension repairs.

But none of this is what keeps Musk or investors up at night.

It's the Model 3 that does.

■ Musk: Concept crossover on the way | **PAGE 6** |

Tesla's attempt at a mass-market, long-range electric car won't have a groundbreaking power-train or gull-wing doors. And yet this most mundane Tesla product will carry the highest stakes. It will push Tesla to its limits as a manufacturer and test investors' patience with a perennially unprofitable company.

"I really don't care a whole lot" about the



**Musk: Pushing timetable hard**

SolarCity acquisition, David Whiston, a strategist at Morningstar, told *Automotive News*. Investors, he added, "are most concerned with nailing the Model 3, not becoming a solar company."

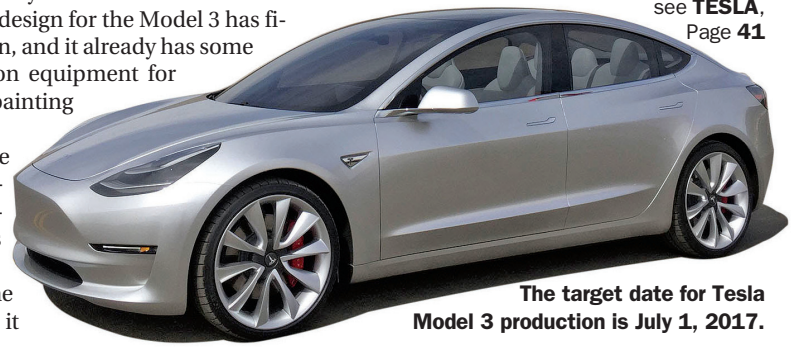
Tesla said the design for the Model 3 has finally been frozen, and it already has some initial production equipment for stamping and painting in place.

To nail the launch, Tesla expects to be writing big checks for the rest of the year, on top of the heavy spending it

has already committed for plant upgrades and the new factory in Nevada that will supply batteries for the Model 3.

Tesla recorded \$295 million in second-quarter

see **TESLA**, Page 41



The target date for Tesla Model 3 production is July 1, 2017.

**futurismo**  
This week on "Futurismo"  
**The Enablers:  
A New Breed  
of Transportation  
Providers**

Episode 2 of Season 1 of "Futurismo," *Automotive News'* new podcast series about the next quarter-century in the auto industry, introduces some of the foot soldiers in the mobility revolution: the founders and CEOs of transportation startups.

They aren't necessarily the people you'd expect. There's a mother who was inspired to start a business as she ferried her kids around town, a former eBay executive whose service allows anyone with a car to post it on his website for others to use, and a San Francisco entrepreneur who works with local leaders in the Bay Area to test ideas that encourage car pooling.

And there is the story of an Iraq War veteran who set up an app that churns through all transportation options — buses, trains, car and bike sharing, whatever — to plot the best route to a destination. The app soon caught the attention of one of the world's largest automakers.

Learn how to subscribe to "Futurismo" at [autonews.com/podcast](http://autonews.com/podcast). **AN**

## N.Y. seminar to feature 4 auto marketing execs

*Automotive News* will host its fifth annual New York Marketing Seminar Sept. 20 at the Cipriani Wall Street.

Four marketing vice presidents — Trudy Hardy of BMW of North America, Bodil Eriksson of Volvo, Kim McCullough of Jaguar Land Rover North America and Vinay Shahani of Volkswagen of America — will speak on the topic, "Mobile, Viral and On-Demand."

The marketing seminar is expected to attract more than 600 members of the East Coast marketing community.

Admission is \$325, or \$3,000 for a table of 10. The event begins at 11:30 a.m. and lunch is promptly at 12:30 p.m. For more information, go to [autonews.com/nyseminar](http://autonews.com/nyseminar). **AN**



■ Sales tables | **PAGES 40-42** |

The Toyota RAV4 is one of the most popular compact crossovers. The segment was No. 1 in July sales.

# With sales plateauing, some automakers pile on incentives

Exec: 'Major players are going to protect share'

**Nick Bunkley**  
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Amid signs that the U.S. new-vehicle market has stopped growing, July marked the industry's strongest selling rate of the year.

Through July, sales were 1.1 percent ahead of last year's record pace. But several forecasters have reduced their outlook for the remainder of 2016, and some automakers are starting to fight the stagnating market with more aggressive incentives.

"I think it's an indication, in a plateauing market, that the major players are going to

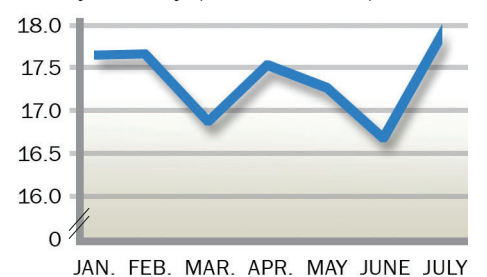
protect share," Mark LaNeve, Ford Motor Co.'s vice president for U.S. marketing, sales and service, said last week. "It's a more competitive market than we've experienced in the last five or six years."

The Detroit 3 spent \$655 more per vehicle on incentives last month than in July 2015, an 18 percent increase, according to Autodata. BMW's incentive spending jumped \$1,884, or 42 percent, and Volvo's climbed \$839, or 25 percent. The industry average rose \$337 year-over-year, or 11 percent.

see **SALES**, Page 41

## Super SAAR

After weak results in March and June, the U.S. industry selling rate reached its highest level of the year in July. (Sales in millions.)



Source: Automotive News Data Center

# Big challenge for marketers: Pitching safety — safely

**Ryan Beene**  
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How do automakers pitch their advanced driver-assistance and autonomous-driving technology without appearing to abet inattentive driving?

That's the challenge facing marketers as they try to succinctly convey the benefits of a new generation of safety technologies designed to mitigate the cause of almost all vehicle fatalities: human error.

While fully autonomous, self-driving cars are years away from commercial availability, building-block technologies such as automated steering, emergency braking, adaptive cruise control and environment-reading cameras are already widely available,

■ **MARKETING:** Brands leap into Olympics | **PAGE 30** |

allowing for limited self-driving capability in predictable situations, such as freeway traffic.

But automakers warn that no matter how reliable these features are — and no matter what brand names such as Autopilot and Drive Pilot imply — drivers must remain alert and engaged at all times. And that's a difficult balance to strike in a 30-second TV ad.

"It's going to be tough for manufacturers to push this technology and boast about its capabilities

see **SAFETY**, Page 37



Introducing a self-driving car from a very self-driven company.

The all-new Mercedes-Benz E-Class. The 2017 E-Class embodies Mercedes-Benz's commitment to innovation and the excitement, and reliability of a self-driving, self-correcting luxury sedan with intelligent advances like PRE-SAFE Impulse Side, which anticipates a side-impact collision and repositions you to minimize the effect, and PRE-SAFE Sound, which helps protect the ears from blaring sound should an impact occur. The revolutionary new E-Class is the very future of transportation. Here and now. [MUSA.com/E-Class](http://MUSA.com/E-Class)

Mercedes-Benz  
The best or nothing.

**Mercedes pulled a video spot and modified this print ad after pressure from safety and consumer groups.**



# A break on 54.5? Don't count on it

**Richard Truett**  
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TRAVERSE CITY, Mich. — Automakers hoping for some relief from the EPA's targeted fleet average of 54.5 mpg by 2025 may not get it.

Speaking here last week at the Center for Automotive Research's Management Briefing Seminars, Christopher Grundler, director of the EPA's Office of Transportation and Air Quality, made it clear the agency is in no mood to move backward.

He said the EPA is already thinking about what comes after 2025, and expressed confidence that automakers will reach the target.

## EPA indicates it'll stick to mpg target

He said the EPA believes dangerous climate changes will occur if greenhouse gas emissions are not reduced 80 percent by 2050 from today's levels.

"We are in the beginning stages of tackling one of the most challenging issues of our time, which is climate change," Grundler told the industry gathering. "This is a global environmental problem. It will require every country and every economic sector to take meaningful action."

That and other remarks by Grundler indicate the agency isn't

inclined to flex on the 54.5 mpg target that automakers would have to meet by the 2025 model year.

Some in the auto industry are hoping for a break. A final decision is due April 1, 2018, in the agency's midterm review. Grundler said the EPA has three choices in determining the final standard for the years 2022 to 2025: Standards will remain the same, they will become less stringent or they will become more stringent.

Citing the EPA's "Technical Assessment Report" issued last month that

addresses progress being made by automakers to improve fuel economy, Grundler said automakers are ahead of the agency's estimates on reducing CO2 levels and improving fuel economy.

He said the agency has invested record amounts of time and resources in creating the information the EPA will use to make its final decision.

Since the original 2025 targets were set in 2012, the mix of cars vs. trucks sold has shifted from nearly 50-50 to closer to 40-60 in favor of trucks, mostly because of cheaper gasoline. **AN**



Grundler: EPA beginning to tackle the challenge of climate change.

# Reborn Karma plans mix of retail formats

## Dealerships, brand centers grant best of both worlds

**David Undercoffler**  
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Karma Automotive, the hybrid-car company reincarnated from the remains of Fisker Automotive, plans to start selling its new Revero four-door coupe by year end through a handful of high-end franchised dealers sprinkled around the country.

Mostly.

Citing the advantages of a company-run storefront that can tell its own story, Karma also plans a few "brand experience centers" similar to Tesla's, in states and markets that are more friendly to this type of retail experience.

The two-pronged approach gives the fledgling automaker the best of both worlds, Jim Taylor, Karma's chief marketing officer, told *Automotive News*.

The initial group of 10 franchised dealerships in key luxury markets around the country and in Canada gives Karma a bit of a shortcut. Those stores already sell brands such as Rolls-Royce, Lamborghini, McLaren and Porsche, so they have a built-in Rolodex of wealthy clients looking for their next toy.

**The Karma Revero will be priced starting above \$100,000.**

"These guys really understand this customer," said Taylor, a former General Motors executive who once ran Cadillac. "They get that it's not moving metal and pushing volume like the mass-market guys have to."

These locations will service preceding Fisker Karmas as well as the Revero and other models planned by Karma.

Meanwhile, the first of a handful of brand experience centers is planned for Karma's backyard in Orange County, Calif. It's there that Karma will officially unveil the Revero to the media and the public on Sept. 8, Taylor said, though teaser images will be sent out throughout August.

The factory stores will use the Tesla model of a low-pressure sales space where the automaker can control its brand message. Plus, by running its own shop, Taylor said, Karma can reassure its franchised dealers that it's living up to the same standards it expects of them.

"When you control your own store, you live it every day, so you have to walk the walk," Taylor said. "So I think in a good way it puts a lot of pressure on yourself to deliver the same level of performance."

While the new Karma factory in Moreno Valley, Calif., is tooled up and building prototypes, the automaker is mum on when production will start, other than to say it's aiming for the end of the year.

Dealers are already taking orders on the Revero, which will start above the \$100,000 price of the earlier Fisker Karma. Karma is now owned by Wanxiang Group, the Chinese owner of battery maker A123. **AN**

**"One of the biggest tasks we had at the beginning was defining really who we are. Defining the DNA of this brand was very crucial."**

Manfred Fitzgerald, left, Genesis global brand chief, with Luc Donckerwolke, the brand's chief designer



# GENETIC ENGINEERS

## Lambo veterans reunite to build Genesis' brand DNA

**Hans Greimel**  
hgreimel@crain.com

**H**WASEONG, South Korea — Branding guru Manfred Fitzgerald and veteran designer Luc Donckerwolke first met nearly 20 years ago while at Volkswagen Group. Their bosses tasked them with reviving the then-struggling Lamborghini sports car business.

Mission accomplished, they went their separate ways.

But fortune now finds the duo back together in South Korea at the helm of Hyundai's spinoff Genesis brand for an even bigger challenge: launching an entirely new luxury marque from scratch.

They haven't been shy about making waves at a flagship Korean company known for its top-down management style. Just a half-year into the job, the foreign executives are already blazing a path by defining the Genesis brand DNA.

Among their first moves will be pushing a



bolder design language that departs from the two stolidly styled cars that kicked off the independent brand, the G90 and G80 sedans.

Nor does either

harbor any illusions about the challenge they face in transforming a largely unknown Korean wannabe into a legitimate challenger of the world's top tier luxury makes. Genesis not only lacks the history of German rivals such as Mercedes-Benz and BMW, it also can't muster the name recognition of newer Japanese competitors such as Lexus.

see **GENESIS**,  
Page 37



The Genesis G90 sedan will arrive in the U.S. this month. The brand plans to introduce six models by 2020.





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BRIAN WILLIAMS/SPIEDBILDE

## Dramatic appearance

Spy shots of the next-generation Lexus LS suggest a toned-down version of the dramatic LF-FC concept unveiled at last year's Tokyo auto show, right. It also appears Lexus is going to great lengths to disguise the headlight and taillight design of its largest sedan. The production version of the new LS is expected to arrive early next year — likely in January at the Detroit auto show.



## Musk: Tesla plans compact crossover

**T**esla CEO Elon Musk has revealed plans for a compact crossover called the Model Y that will be based on the electric vehicle maker's upcoming Model 3 sedan.

The Model Y is expected to be positioned below the new Model X crossover. Musk did not give a time frame for the vehicle, but it does not figure to arrive before the end of the decade — after the Model 3 debuts in late 2017 or 2018.

During Tesla's earnings call last week, Musk said: "The priority vehicle development after the Model 3 would be the Model Y, the compact SUV, because that's also a car that we expect to see demand in the 500k to 1 million unit per year level."

When Musk laid out his second master plan for Tesla last month, he also cited plans to develop a minivan based on the Model X. Musk referred to that future model as a "Bus/Minibus/Spacebus" in a tweet.



**Musk: Model Y follows Model 3.**

—Autoweek and staff reports

## Lotus has a new vehicle architecture in the works

**J**ean-Marc Gales, 53, CEO of the British sports car maker Lotus, spoke with *Automotive News Europe* Correspondent Nick Gibbs about the company's plans for a new basic vehicle architecture.

### Q: How is the development of the new vehicle architecture going?

**A:** There's so much life left in the current one. There will be a new architecture coming but give us another four years for the [Elise] small car and a bit longer for the [Evora] large car.

The basic architecture is 20 years old, yes, but the Porsche 911 architecture is 50 years old and that's still going strong. We've continuously updated it.

### Will Lotus stick with aluminum for the next architecture?

Probably. It's what we do best. I like it because it's so flexible. On the same car you can do both open or closed.

### When will Lotus upgrade the Elise?

I can't give a precise date, but I can say we will upgrade the Elise before the new architecture comes. We have concrete ideas of what we're going to do with the car regarding improved infotainment, lower weight and more power.

### Will Lotus sell that car in the U.S.?

No. But with the next architecture certainly. We currently offer the Evora and we will also offer the [more powerful] Evora 410 Sport in the U.S. Then the roadster. Three different cars.

### When we last spoke Lotus was about to finish a prototype SUV to show to Chinese authorities with a view to making it there. How did that go?

We are making progress. I won't say more, but it's going well. **AN**



**JEAN-MARC GALES**



BRIAN WILLIAMS/SPIEDBILDE PHOTOS



## A 'sleek' new Wrangler?

Spy photos of the redesigned 2018 Jeep Wrangler point to a more aerodynamic shape. A gently sloped grille and windshield peek out through the camouflage. Jeep brand head Mike Manley has noted the importance of keeping the classic Wrangler shape while improving aerodynamics for better fuel economy. Spy photos also suggest a longer front end, although the grille, tailgate layout and overall shape are unlikely to deviate from the venerable Wrangler profile.

## Sources: M-B plans EV subbrand; sales to start by end of decade

**M**ercedes-Benz will create a subbrand for electric vehicles, starting with two SUVs and two sedans, sources told Bloomberg.

The subbrand, which has not been named, will adopt distinct design characteristics to set the EVs apart.

Mercedes said in June it would unveil an EV at the Paris auto show next month — an

SUV capable of driving about 310 miles on a single charge.

The German automaker had previously stuck to putting batteries and electric motors in existing models, a cheaper solution than rival BMW's investment in carbon fiber and futuristic design for its i subbrand.

Now their positions are reversed: BMW is

holding off on a new i model for another five years. Mercedes will start selling its electric lineup before the end of the decade, one of the people familiar with the plans said.

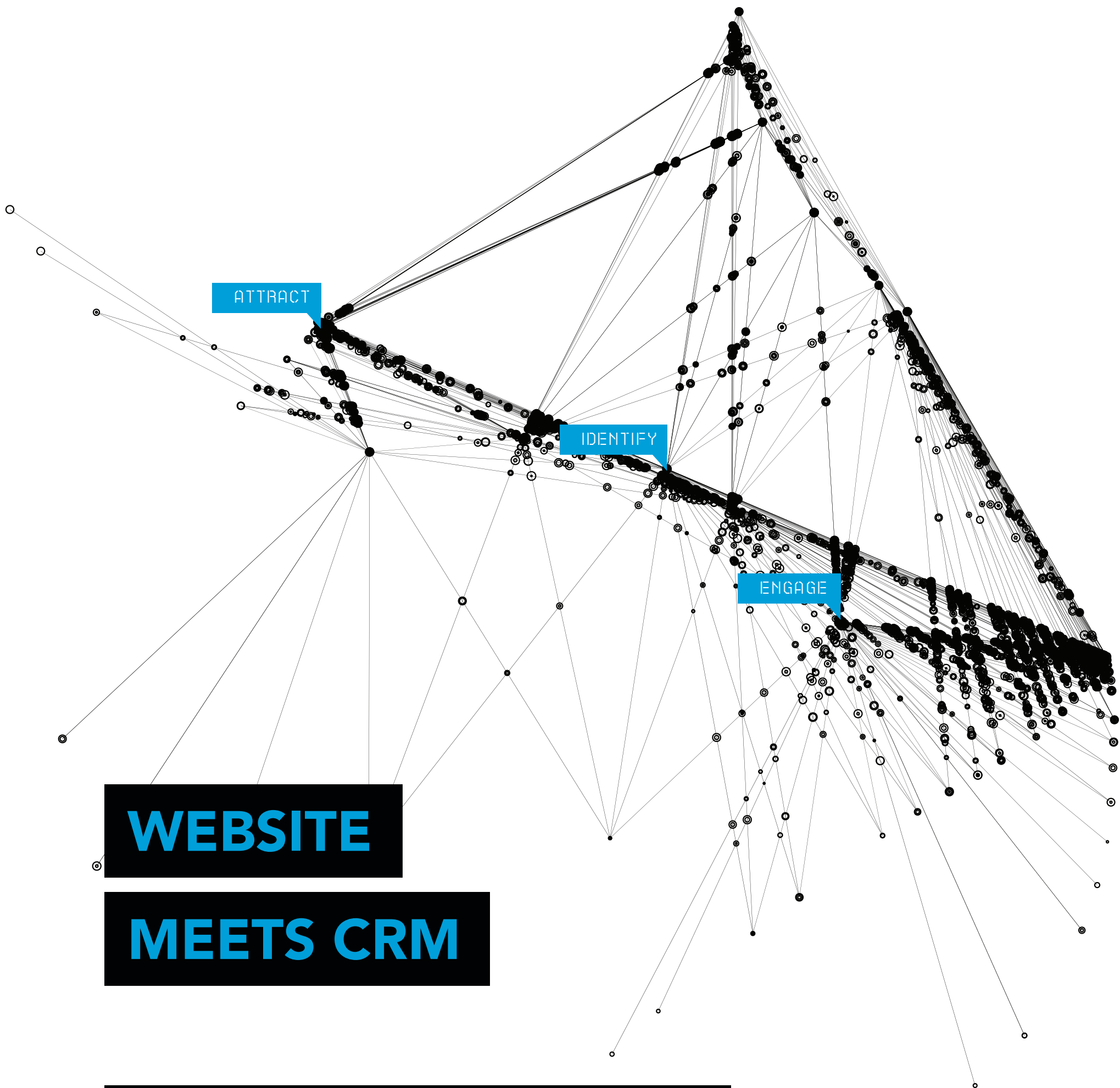
Christoph Sedlmayr, a spokesman for Mercedes parent Daimler AG, declined to comment on the number of EVs planned and their model types, but he said there

will be more than one.

The first of the new EVs will be produced at the company's factory in Bremen, Germany, according to one source. Starting next year, the Bremen plant will also build a fuel cell electric version of the GLC crossover that can be charged with hydrogen and at a wall socket.

—Bloomberg





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### MANAGEMENT BRIEFING SEMINARS

# GM wants more diesels, CVTs

Powertrain components to help company meet stiffer CAFE standards

**Richard Truett**  
rtruett@crain.com

**T**RAVERSE CITY, Mich. — General Motors plans to step up use of diesel engines and lightweight continuously variable transmissions to help it meet tightening fuel-economy standards.

GM sees an opening to replace Volkswagen in diesel sales in the wake of VW's diesel emissions scandal.

"I am very optimistic about the diesel market in the U.S.," GM's vice president of global propulsion systems, Dan Nicholson, said last week during the Center for Automotive Research's Management Briefing Seminars here. "It has been abandoned by others and we are happy to step in and be the leader. Frankly that's what we'd like to do."

Last month, Hinrich Woecken, CEO of Volkswagen Group of America, told *Automotive News* that VW won't relaunch "clean diesels" as a core element of its brand identity in the U.S., where VW dominated diesel car sales before being consumed by its nearly yearlong emissions-cheating scandal. He said VW will use diesels where they make sense until at least 2019, but then toughening emissions standards will make the fuel-efficient engine extremely difficult to certify for U.S. sale.

Nicholson indicated that GM disagrees. He said the upcoming standards will be tougher, but not impossible to meet.

"I think the U.S. is one of the few diesel growth markets on the planet," Nicholson said.

"There are a lot of diesel intenders and



GM's Dan Nicholson is confident that the automaker can "step in and be the leader" in the U.S. diesel market.

GREG HORVATH PHOTOS

diesel-loyal people who are looking for a brand and vehicles to go after. They tend to be more tech savvy than the average customer. And they won't stop wishing for a diesel. And we'll go after those customers."

Nicholson said GM also wants more CVTs.

"We're relatively bullish on CVTs," he said. "We're optimistic about CVTs in the U.S. market for front-wheel-drive applications up to a certain weight level. You will see more of that from GM in the future."

Additional CVT use will mean GM must decide where to obtain them. Japan's automakers have dominated the CVT field to date.

GM offers just one car with a CVT, the Chevrolet Spark, whose transmission is supplied by Jatco, a subsidiary of Nissan Motor Co.

Nissan has switched all of its volume cars,

including the midsize Maxima, to CVT. Honda has also been replacing its traditional automatics with CVTs.

Nicholson did not rule out the possibility that GM could manufacture its own CVTs.

"We are happy with the product we are buying today," said Nicholson. "It is enjoying good success in the marketplace. We usually look at make-versus-buy and volumes."

He also would not rule out the possibility of producing a CVT through a partnership with Ford Motor Co. The two rivals have jointly developed a 10-speed automatic for rear-wheel-drive vehicles, and a nine-speed automatic for fwd cars and crossovers for the 2017 model year.

Ford would not comment on the possibility. **AN**

## Demand strains aluminum suppliers

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**T**RAVERSE CITY, Mich. — The good news for an industry counting on aluminum to help make vehicles lighter is that suppliers are spending to create new capacity.

The bad news? The capacity is already gobbled up.

North American suppliers of sheet aluminum are running close to 100 percent of capacity, said Tom Boney, general manager of automotive for Novelis North America, one of the industry's biggest sources of the material.

"The industry is very close to capacity, and more capacity will be required," Boney said last week at the Center for Automotive Research's Management Briefing Seminars here. "We're proud to say we have a solid order book."

Boney appeared to be taking a somewhat tougher line than Marco Palmieri, president of Novelis North America. In late June, Palmieri told *Automotive News*: "We still have some open capacity that we can provide. But for any meaningful volume, new investment will be required."

Novelis supplies sheet alu-



Novelis' Tom Boney: "More capacity will be required."

minum for the Ford F-150, Cadillac CT6 and other models, Boney noted. To expand production for those and other models, Novelis spent \$400 million to improve the finishing lines of its plant in Oswego, N.Y., and add aluminum recycling capacity there.

But now all of Novelis' production capacity in Oswego — as well as a second plant in Kingston, Ontario — is spoken for, Boney said.

Novelis and other aluminum suppliers are considering future capacity needs.

By 2025, the average vehicle will use 500 pounds of aluminum, up from 423 pounds in 2014, according to Ducker Worldwide, a research firm in suburban Detroit.

Raw material bottlenecks could slow efforts by North American automakers to shave weight by using more aluminum.

Boney said Novelis is considering supply contracts in 2019.

He said, "We are clearly talking with all of our customers about what they want to do." **AN**

## Dealer: Rising CAFE squeezes customers

**Larry P. Vellequette**  
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**T**RAVERSE CITY, Mich. — Regulators can impose stricter mandates and manufacturers can stretch to meet them, but it will mean little if showroom customers can't afford the advances in fuel economy.

That was the message to industry executives last week at the Center for Automotive Research's Management Briefing Seminars here from Wes Lutz, owner of Extreme Chrysler-Dodge-Jeep-Ram in Jackson, Mich., who is the regulatory affairs chairman of the National Automobile Dealers Association.

Lutz said many American consumers are stretched too thin to afford new vehicles.

"Technology isn't what drives the auto industry, and neither is regulation," Lutz said. "What drives the auto industry is the consumer."

Lutz spoke on a panel that featured regulators from the EPA and the California Air Resources Board, as well as an executive from Tesla. Lutz inserted the voice of an auto dealer into the often contentious discussion of the role of regulation in battling climate change.

"Americans are maxed out and can barely afford the vehicles they're driving," Lutz said, noting that average vehicle prices and auto loan monthly payments are already out of reach for a growing proportion of his clients. As a direct result, he said, "customers are driving vehicles longer, buying used vehicles, or buying [less expensive] vehicles that don't meet their needs."

Lutz warned that a projected \$5,000 price increase needed by automakers to meet increasing fuel economy requirements would "crush my dealership. It would crush my customers."

He dismissed arguments that lower fuel costs and operating expenses will offset higher sticker prices.

"We have a payback problem," Lutz argued.

"We know from the data presented that the length of payback cycles is unrealistic" at current fuel price levels. And frankly, he added, "the prospect of paying a premium to see a payback seems too much like a dollar chasing a dime."

"There's a very real danger of pricing millions of Americans out of the new-car market," he said, adding that the result will be "a whole bunch of new, more fuel-efficient cars that don't get sold." **AN**



Lutz: "Payback problem"



# Sal Salinas

Dealer Principal, McKenney-Salinas Honda

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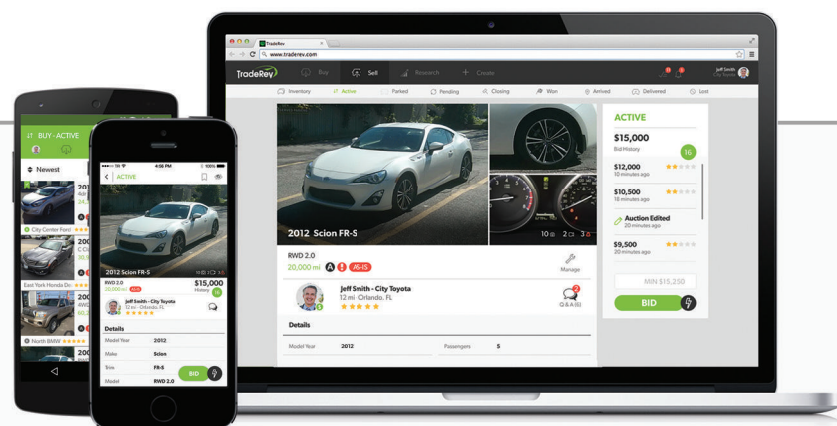
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Sandy Springs Ford Acquired by **ASBURY AUTOMOTIVE GROUP**

**TOYOTA Scion** Mercedes-Benz

Sandy Springs Toyota Scion Acquired by **Hendrick AUTOMOTIVE GROUP**

Mercedes-Benz of Reno Acquired by **AutoNation**

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"We broke the mold on the Bolt EV," the car's lead designer says. It arrives this fall.

## GM empowered Korea team with high-stakes Bolt EV

### Designers conjured fresh ideas, tricks to meet challenges

**Hans Greimel**  
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INCHEON, South Korea — General Motors' South Korean design studio is setting a new course for the company's small cars with this fall's arrival of the Chevrolet Bolt EV.

The center was tasked in 2012 with designing the Bolt, the automaker's most iconic technological showcase since the Volt hybrid, because of its expertise in bundling big content into small packages. The Bolt proved to be one of its biggest challenges yet.

The project forced designers to try new tricks that may debut in other cars, all while on a supertight timeline toward the production version's unveiling last January.

"It reminds you of what GM can do when we're given a deadline and set to it," the car's lead designer, Stuart Norris, said in a July 7 interview here. Norris arrived at the Korea studio as director of advanced and architecture design in 2012 and was promoted to managing director of design on July 1, 2015.

"We broke the mold on the Bolt EV," the British designer said.

GM executives wanted an EV that could generate serious volume. The design should be expressive and distinct without veering into "science project" territory, Norris said.

"We need to sell more of these electric vehicles, so we need something that has more broad mass appeal," Norris said. "The Bolt was a very significant program for us."

Typically, GM vehicle design is handled by two teams, one responsible for the exterior, the other for the interior. But the Bolt was such a high-stakes project, the company created a special team in Korea that would integrate all aspects of styling.

With some 190 workers, the Korea design center is now GM's third-biggest styling studio, after centers in the U.S. and Europe. It is also the Detroit carmaker's hub for global small-car design, springboarding off the experience in compacts that came through GM's tie-up with Daewoo before fully subsuming the South Korean automaker.

GM Korea has led the design of such cars as the Chevrolet Sonic, Spark and Cruze as well as the Trax

and Captiva crossovers. It also designs small cars for emerging markets such as India.

The studio sits on the grounds of the company's Bupyeong assembly plant and engineering center in Incheon, just outside Seoul. GM doubled the size of the design center in 2014, after spending \$40 million on sweeping upgrades.

Norris said the studio now has 10 vehicle projects underway.

### 'Disaster for aero'

Mini and B-segment vehicles are its mainstays. But the Bolt broke new ground. "It's a bit of a segment buster," Norris said. "We call it a C-segment interior on a B-segment platform."

The challenges began with trying to maximize drivetrain efficiencies for a compact electric vehicle with hatchback proportions, he said.

Another trial was eking out every

**"There's big-picture stuff, and then there's just detail, detail, detail."**

Stuart Norris, Bolt lead designer

last inch of interior space.

There were no silver-bullet solutions, just a relentless series of tweaks and adjustments.

"There's big-picture stuff, and then there's just detail, detail, detail," Norris said.

The Bolt has a drag coefficient of 0.32, Norris said. That compares with a superslippery 0.24 in the Toyota Prius hybrid. But the challenges were steeper given the Bolt's squat, wedge shape.

"It's a disaster for aero," said Norris, who worked for seven years on the svelte silhouettes of sports car maker Jaguar before joining GM in 2004.

To improve air flow, Norris' design team incorporated a spoiler and sharply creased winglike canards along the tail edge of the car. Other tricks were underbody paneling, air dams and active grille shutters that close at certain speeds to streamline airflow. Designers even adjusted the radius of the A-pillar, modified the mirrors and fine-tuned tire coverage.

No fewer than six full-sized iterations of the Bolt underwent wind-tunnel testing.

Carving out room on the inside was another challenge.

"When we designed the Bolt EV, we kind of had this image of the vehicle as the next-generation of family vehicle, a reinventing of what a family car would be," Norris said. "So it's got this big spacious interior volume, a ton of trunk space."

### 'Unique execution'

Designers achieved an airy feel by bringing the windshield forward, lowering the beltline to emphasize a glassy open canopy, flattening the floor and pushing wheels to the corners.

A cantilevered center console hangs suspended from the dash, rather than connected to the floor, enhancing the spacious atmosphere up front.

More compact packaging of the electric motor allowed the heating and air conditioning unit to be pushed forward, creating even more cabin space. GM also developed thinner seating that delivered 25 millimeters (1 inch) of extra legroom.

Another fresh idea: front seats that are asymmetrical. The distance from the center line of the seat to the armrest is shorter than the distance from the center to the door.

The seat's wide outer bolstering was needed to accommodate an airbag but doesn't provide much in the way of actual body support. Thus, designers could do without the bolstering on the other side of the seat. The seats look off-balance but allow for a wider armrest.

"How do we make this seat as narrow as we possibly can without making the occupant uncomfortable? Well, we make the design asymmetrical," Norris said.

Another big challenge was the liftgate. The taillamps are incorporated into the lift door, rather than into the side body panels. That helped deliver extra space in the trunk, but it complicated the work of delivering seamless fit and finish, Norris said.

Finally, to squeeze every mile from the car's battery-powered drivetrain, lightweighting was a priority. Thus, the Bolt got an aluminum hood, liftgate and doors to shed pounds.

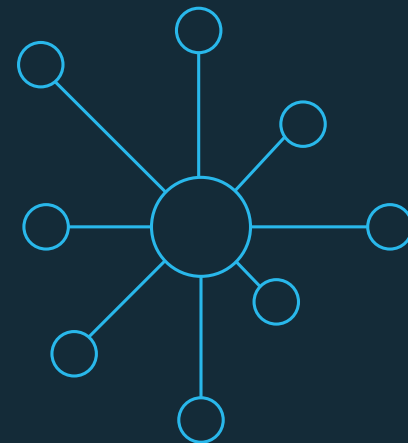
"Small-car design has always been a challenging area because you're trying to deliver more for less," Norris said. "This is a pretty unique execution." **AN**





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# opinion



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## Auto industry must have a voice in this election

If auto industry leaders care about U.S. trade, immigration, tax and energy policy headed into the 2016 election, they're going to have to present their own case.

Because this time, nobody else will do it for them. Neither major-party presidential candidate is gung-ho on free trade. They are staking out positions appealing to restive voters concerned about U.S. job prospects and stagnating wages.

The auto industry has vital interests at stake in the outcome of national debates about trade, immigration, fuel economy and safety regulation, U.S. energy policy and other issues.

### Should the industry publicly step into election-year politics?

Automakers and suppliers may want continued access to work visas for foreigners with specific education and training in specialized skills, for example. But such nuance may get lost in the clamor of opposing parties taking

extremely divergent immigration policy positions.

Should the industry publicly step into election-year politics?

Auto executives' instincts are to stay out of the line of fire and avoid alienating potential customers, especially when voters are as polarized as they are in this election cycle.

But national and local candidates under pressure and eager to curry favor for votes may not give the auto industry a pass. Automakers, in part because of their sheer size, are always handy whipping boys on a variety of topics.

Ford Motor Co. already has been singled out for criticism for supposedly shipping jobs to Mexico. So has General Motors.

With its long lead times and heavy capital investment, the auto industry needs continuity and predictability in regulations. It needs long-term energy and trade policies aimed at avoiding conflict and crises.

In a political age of ever-shorter sound bites and 140-character insults, the auto industry needs to promote logic and measured actions. It's time for industry leaders to lay out their case.

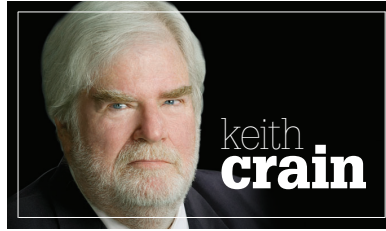
## COMMENT

# Something is going very wrong

Not that long ago, life was simpler for manufacturers, dealers and their customers. Today we are looking at record recalls, millions more than ever before. Recalls are issued for defects when no parts are available and might not be for months or even years. Consumers have no idea what to do when they get a notification of a recall.

Too many manufacturers are disregarding quality and safety when they make parts. Takata is the prime example of manufacturing gone awry. Dealers have thousands of customers who don't know what to do with their defective cars. No one can give them any advice except park them and wait.

All too often, companies are involved in cover-ups to hide their mistakes. Volkswagen has become the poster child for intentional cover-ups, and it will cost VW dearly in money, sales and reputation. General Motors was involved in a serious cover-up with



keith  
crain

defective ignition switches that lasted for years because some employees worked hard to hide the deadly problem.

Safety has always been a tough problem for companies, but recently it has become even tougher.

Maybe the modern automobile has become too complex to have the same reliability as cars had decades ago, or maybe pressure on employees right up to the CEO to deliver sales and profits has changed the way people operate.

There is a contradiction. In many ways, cars today are more durable and safer, with better fuel economy and

lower emissions than ever. Yet there are millions more recalls, and many people are frustrated about product reliability.

The competition among suppliers is fiercer than ever, and the pressure to keep parts and systems at the lowest possible cost has never been greater. It's a Catch-22 for the industry.

Over the decades, there have been some vehicles no one wanted to brag about. But in today's marketplace, it's impossible to name any real turkeys for sale.

Recalls are an unpleasant surprise for the customer, the dealer and the factories. It might be the result of spectacular sales over the past couple of years or pressure on the bottom line. It would be a shame if the solution were to see sales soften a bit so everyone can catch a breath.

The industry has to find a solution, and there must be an adequate penalty to eliminate cover-ups.

## COMMENT

# Big changes afoot in U.S. market

Don't look so hard at the U.S. auto sales headline number that you miss the incredible evolution of the marketplace.

It's easy to get mesmerized by whether after six strong years of volume growth we'll set yet another sales record in 2016. It has been a close race all year. And after a fractional gain in July, this year is just 1.1 percent — 109,981 units — ahead of last year's pace.

Total volume is the simplest check of the auto industry's overall health. But profound changes occurring inside the U.S. market will challenge sustainability. Americans are changing what they buy, how they buy it, how they use it and why.



Jesse Snyder is opinion page editor of Automotive News.

For starters, trucks are chasing cars right off the road. For the first century of the automobile, cars were king. Cars got all the attention, all the private owners' affection and almost all the auto industry's investment in development. Cars visually changed every year.

There were pickups, of course. But they were such unglamorous tools. Full redesigns came decades apart. The industry didn't even announce truck sales more than once a year until the 1990s.

That was then. Last month, light trucks — pickups, vans, SUVs and crossovers — captured 61 percent of the U.S. market. That's a full 4-point market share swing from last July, when trucks were 57 percent of the mix.

Cars are losing favor with consumers so fast that manufacturers can't retool car assembly plants to build trucks fast enough.

As recently as 2012, cars outsold trucks in the U.S. by a 52-48 margin. This year, in the first seven months, that had flipped and trucks outsold cars 59-41. If July levels hold, 2016 could end with trucks holding a 3 to 2 margin. And Sean McAlinden, chief economist for the Center for Automotive Research, said last week he expects light trucks to capture 70 percent of the U.S. market within 24 months.

Most of the swing is fed by cheap fuel and changed expectations about the price of oil. The prospect of \$5-a-gallon gasoline, once widely expected, seems remote now.

### Automakers are beefing up certified pre-owned operations to absorb more late-model, low-mileage units.

Such rapid substitution is a revolution but hardly a threat to major automakers with diversified product portfolios. That's just sit-highs prevailing over sit-lows. Existing plants can churn out high-cube vehicles as easily as low-cube units.

And, at least so far, consumers are willing to pay more for the extra roominess and utility of the sit-highs. Automakers certainly like that.

But can consumers afford those more expensive rides? In constant dollars, U.S. personal incomes are essentially flat over the past two decades. And this decade, monthly car payments have barely budged.

Americans are buying pricier vehicles by stretching out car loans over more months or snapping up automaker-subsidized leases. Lease penetration this year is 30 percent, perhaps as great as that late 1990s bubble that prompted lenders to start measuring lease rates, TrueCar analyst

Eric Lyman says.

It's easy to boost sales with lots of long-term loans and low-payment leases. Vehicles fly out the door.

But there's a payback. The buyer with a six-year note is upside down and out of the market longer than one with a four-year loan. And those leased cars come back. A flood of three-year-old returns glutted used-vehicle markets, depressing trade-in values.

And there's a swelling wave of off-lease vehicles, 3.3 million due back next year, over 4 million in 2020, according to an ALG forecast. Can the industry adapt?

Automakers and lenders seem to be adjusting. Automakers are beefing up certified pre-owned operations to absorb more late-model, low-mileage units. Lenders are preparing to offer new leases of those off-lease models. Some folks are experimenting with offering lease returns to Uber drivers.

In the meantime, leasing offers an upside to both automakers and dealers. It virtually guarantees a second transaction downstream. The leased vehicle comes back at the end of the term, usually to the same dealership where it originated.

For the automaker, the end of the lease provides another shot at the customer, without all the acquisition cost needed to attract a conquest prospect. The same goes for the dealer.

Considering all the expense of attracting and courting new customers, getting someone who already took your last offer to return voluntarily is like finding cash on the street.

Those big changes are reshaping the marketplace, however the 2016 volume plays out. Can current players cope? For the adaptable and nimble, quite possibly.

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## Automotive News

THE WEEKLY NEWSPAPER OF THE INDUSTRY  
Established in 1925, published every Monday by Crain Communications Inc.

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# You Spoke We Listened We Acted

Earlier this year, we made a pledge to Dealers to make TrueCar a more positive place for you to do business. We asked you to hold us accountable and we promised to report on our progress.

Here's a closer look at the key changes we made, plus some new updates.

## Q1

### Listened to Dealers and Created Our Dealer Pledge

- ✔ Met with dozens of Dealers
- ✔ Listened to your candid opinions
- ✔ Created a pledge to all Dealers
- ✔ Built an operational plan for implementing pledge improvements

## Q2

### Made Operational Changes Promised in Our Pledge

- ✔ Removed anonymous Dealer list page
- ✔ Shifted from virtual vehicles to VIN-based inventory
- ✔ Hired 41 field service team members targeting 100+ total
- ✔ Introduced optional subscription billing in Georgia
- ✔ Removed "Never Overpay" from our consumer messaging
- ✔ Engaged a Big Four accounting firm to validate data policy adherence

## Q3/Q4

### Introducing Even More Upcoming Changes This Year

- ✔ Rolling out optional subscription billing in Pay Per Sale states
- ✔ Enabling Dealers to price new cars at the VIN-level
- ✔ Enhancing Dealer branding opportunities on TrueCar
- ✔ Including fees and accessories in Dealer Pricing to enhance transparency
- ✔ Launching new TV ads promoting used cars and the benefits of buying from a TrueCar Certified Dealer
- ✔ Hosting regional Dealer Summit Workshops to maximize your performance

See a comprehensive list of our updates and changes at [truecar.com/pledge](http://truecar.com/pledge)



# Land Rover at ease with fast followers

**G**AYDON, England — Gerry McGovern, Land Rover's design director and chief creative officer, says he is not bothered by competitors filching the iconic SUV brand's design DNA. He's focusing his team on two major jobs ahead. Land Rover plans to introduce the next-generation Discovery next month at the Paris auto show. After that comes the next Defender, a vehicle with a rabidly loyal global following. McGovern, 59, spoke with Staff Reporter Richard Truett at Jaguar Land Rover's engineering center here.

**Q: Have you noticed that Ford's latest SUVs seem to have many**

**design elements — headlights, taillights, grilles — that look to be influenced by Land Rover?**

**A:** When we were partners they were always very respectful of Land Rover design. In fact, [Ford's retired group vice president of global design] J Mays would be the first to admit it. When we'd start our global design reviews with all the different brands every three months, all the design directors for the brands would be there. The view when it got to us was: "You know what you are doing. We don't need to tell you anything." But there was also the view that if you saw something you liked, copy with pride.

**When you realize that other companies are influenced by your work, does it put pressure on you to move designs further along?**

No. I honestly don't think about it. In fact, I deliberately don't look at what other people are doing from a design standpoint. [Land Rover] has a DNA which emanates from a rich heritage and has all those ingredients. It's about presenting them in a way that is relevant. I think there are always going to be little resemblances. A car is a car at the end of the day; it's got to have lamps, doors, a windscreen and quite often people will draw comparisons. The most important thing is to try and do something that is relevant to the brand but is truly distinctive and compelling.

**How do similar design elements take shape at different companies?**

When we are in the process of designing a vehicle, we are not looking at what anyone else is doing. I suppose designers see things and they could replicate subconsciously certain elements. But part of my job is to spot these and say, "Hang on a minute ..." We've hired some new designers recently — we are always looking out for new people as we grow — and you get someone who's a really competent designer. For ex-



ample, we've got new interior designers from Porsche and other brands. When you first look at their work, their proposals, you say, "That's great. But it ain't a Land Rover. It ain't a Range Rover. It's too Porsche. It's too this." But eventually they start to get that DNA developed in their minds and it starts to come through.

**Does the upcoming new version of the Discovery give Land Rover an opportunity to move Range Rover further upmarket, perhaps to compete with the Bentley Bentayga?**

I think Range Rover has in no way reached its ceiling in terms of price. As we make these [Discovery and Discovery Sport] more premium, it becomes incumbent on us to make Range Rover even more luxurious, and that is what we are focused on. But the difference here is that for me the Range Rover is sort of that exclusive vehicle. I don't think an optimized seven-seater is the right proposition for Range Rover, no matter what anybody says. That's Discovery territory. It's not to say

you can't have a 5+2 on a Range Rover Sport.

**If the Range Rover and Discovery also move upmarket, can some vehicles in the next Defender's family move into the Discovery's niche?**

I think it potentially might take some Discovery die-hards to say, "I like the ruggedness of that. It's not designed. It's not styled." I think maybe [the next] Defender might appeal to those types of people.

**What does the future look like for Land Rover?**

We have a desire to grow the critical mass in terms of the volume of product. We need to in order to sustain ourselves and invest. It's a massive market. By 2020, over 25 million SUV-type vehicles are going to be produced. That growth of products is fragmenting into all types of niche opportunities. So you have to be flexible. We know who the customers are for these types of vehicles. But that doesn't mean to say we can't move things on and change things. **AN**

# Mercedes dealers get simplified system for Sprinter, Metris vans

**Jim Henry**  
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CHARLESTON, S.C. — Mercedes-Benz USA has created a menu of prepackaged options for its Sprinter and Metris cargo vans to make it easier for its luxury car dealers to sell vans to commercial users.

The move should make ordering the Mercedes vans more convenient for business-to-business customers and help premium market-oriented dealers navigate the still-unfamiliar environment of "upfits" for commercial vans.

"The MasterSolutions approach is designed to help if they're not experienced selling a van along with what's needed for, say, plumbing equipment," said Mathias Geisen, general manager of marketing and product management for Mer-

cedes-Benz Vans.

MasterSolutions is Mercedes-Benz USA's name for the program, for which the automaker has preselected vendors and predetermined a list of possible upfits for different occupational uses.

Mercedes announced the packages at a groundbreaking ceremony here for its \$500 million assembly plant that will produce the vans.

Geisen said vans earmarked for MasterSolutions upfitting go straight from final assembly to authorized upfitters and then to the dealership.

"For us and for the dealer, it's a two-invoice deal. We sell the van, and we sell the upfit" to the dealer, he said. "To the consumer, the whole transaction is seamless; it's like they ordered everything at the dealership. For us, there's a lot of

effort on the back end."

Under the plan, a commercial buyer would pay \$2,380 for shelving, or \$25,336 for the more involved upfits for a frozen foods transport package. The Sprinter van starts at \$33,490, including shipping. The Metris starts at \$26,990 with shipping.

Of 375 Mercedes-Benz dealerships in the U.S., 230 also have Mercedes-Benz Van franchises, which were added starting in 2010.

"It was just 2010 when our network took over. So it's very important for us to coach the dealers not only to sell vans — clearly the van customer typically doesn't want to buy just an empty box — but for instance to sell a Sprinter that's upfitted with shelves and everything you need for plumbing," Geisen said. **AN**

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**Subscriptions (USD):**

U.S. \$159 / Canada \$239 / other \$395.

Single copy sales: \$6 /issue plus shipping.

Automotive News is published by

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**Joe Verde**

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## BEST PRACTICES

CARR AUTO GROUP, BEAVERTON, ORE.

## Ore. dealer gets savvy with recall repairs

Computer program automates bulk VIN checks on used cars

Mike Colias  
mcolias@crain.com

**A**t Carr Auto Group near Portland, Ore., figuring out which of the 1,000-plus used vehicles in inventory have open safety recalls used to be the job of a lone administrative assistant in the reconditioning department.

The employee ran a report each Monday, checking vehicle identification numbers individually against the manufacturers' recall

sites. If the employee was sick or on vacation, the job didn't get done.

That approach hampered Carr's ability to pinpoint recalled used vehicles, said Brad Preble, the group's president.



Preble: Fixed a hole in system

"We were more progressive in our approach than most dealers, but we still had this hole in the system," Preble said. "We decided that you really can't have a situation where you're supposed to know [about a recall] and you don't. That's too much risk and liability."

The question of what to do with recalled used vehicles is a broad gray area for the industry and a growing problem for dealers amid the flood of industry safety recalls over the last two years, including the ever-expanding Takata airbag recall, which now af-



A technician works on a used GMC Yukon at Carr Auto Group's reconditioning center.

fects around 70 million vehicles. While federal law bans the sale of new vehicles with pending recalls, there is no such law for used ones. Some manufacturers instruct their dealers not to sell them; others don't.

But before dealers are even able to craft a policy for their recalled used vehicles, they need a good system for sifting through their inventory to find them.

Last year, Carr Auto plugged in a new program from software provider AutoAp that automates the tedious job. One morning last week, Preble pulled up the results: 1,290 VINs were checked overnight — as they are every night — against the manufacturers' recall

sites and the National Highway Traffic Safety Administration's database. The program spit back 104 vehicles with open recalls.

That list got emailed to the service managers at each dealership as well as the group's reconditioning center. Vehicles from Carr Auto's own brands get fixed in the service departments, generating instant revenue. (Carr sells six brands across four dealerships: Buick, Cadillac, Chevrolet, GMC, Nissan and Subaru.)

If it's a brand Carr doesn't sell — say, a Toyota Tacoma — it's sent to a nearby Toyota dealership to be repaired and returned to Carr's used lot. Preble said service rev-

## Overnight returns

Carr Auto Group in Beaverton, Ore., uses a computer program that automates the task of checking used vehicles in inventory for open safety recalls and produces a report each morning for its four dealerships to follow up on.

enue has gotten a lift from some of those same dealerships sending recall-repair business back Carr's way.

For vehicles that cannot yet be repaired because the manufacturer doesn't have a fix or parts available, Carr will sell them to customers if the recall is not safety related. The dealership provides those customers a time-stamped disclosure from the AutoAp system, including details of the recall and a notice that the owner should get it fixed once a repair can be made. If it's a safety defect, Carr will wait until a fix is available or sell it at auction.

"If we as dealers touch these recalled cars and we're able to fix them, we should fix them," Preble said. "Customers left to their own devices aren't going to do it."

AutoAp, based in Carr Auto's hometown of Beaverton, Ore., has "hundreds" of dealer customers, CEO Mark Paul said. The system searches new and used inventory for open recalls. He says it's not uncommon for a search to turn up a recall on a new vehicle that the manufacturer hasn't yet notified the dealer about.

"Our clients want to be squeaky clean," Paul said. He wouldn't disclose pricing details. **AN**



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## Cash customers can be F&I customers, too

Offer every buyer every product, experts advise

**Hannah Lutz**  
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Many dealerships have begun to rely on back-end profits as vehicle sales margins shrink. Selling finance and insurance products on every deal has become an important goal. But the mission can be daunting when car buyers walk in with cash because the expectation is they won't be inclined to purchase extras.

Cash buyers can be won over, though, F&I insiders say. The key is following a consistent process.

There's some evidence cash buyers have made up a steady share of the market over the past few years, according to Tony Dupaquier, director of the academy at Service Group, an Austin, Texas, F&I income development company that provides insurance products, training and servicing solutions to dealerships. This year through July 25, 13.8 percent of deals in Service



**Mills Auto Group's Margot Miller: Follow a consistent process, no matter what kind of buyer is sitting across the desk.**

Group's network of more than 200 dealerships were cash deals. That compares with cash buyers making up 13.7 percent of the company's portfolio in the 2015 period and 13.9 percent in the 2014 period. What's more, those cash buyers have maintained a 50-50 split between new-car purchases and used, Dupaquier says.

So how should F&I managers handle cash buyers?

Treat them the same as finance buyers, experts say.

"Most F&I people don't give the same effort to a cash customer as they do to a finance customer," Dupaquier said. "They almost throw up their hands, like, 'Oh, it's a cash deal.'"

Sometimes sales staffers negatively affect the cash deal, too, Dupaquier says. If they ask customers to write the check before going into the F&I office, customers often rule out ancillary purchases before the products are even offered because the checkbook is already back in the pocket, he says.

### 'Matter of discipline'

Auto retailers have worked for years to convert cash buyers to finance buyers so they can sell F&I products at a monthly payment rate rather than for a larger one-time payment, points out George Angus, training director at F&I research and training company Team One Group in Scottsdale, Ariz.

But cash buyers can be F&I buyers, too. "It's just a matter of discipline to offer every product to every cash buyer every time and to take

lots of noes," he said.

Willingness to work with cash buyers also depends on the F&I manager's clientele, Angus said. If half the dealership's customers typically pay in cash, F&I managers need to learn how to sell products to them. But if dealerships' transactions are financed 90 percent of the time, F&I managers tend to adopt a "don't worry about it" attitude with the cash buyers, even though they probably shouldn't, Angus said.

F&I-focused dealers train their F&I managers to present products to customers consistently, no matter what their payment plan, says Jim Maxim, president of Maxim-Trak Technologies, a Wayne, Pa., F&I vendor that offers an iPad-based F&I menu and reporting system, e-contracting and other electronic F&I tools.

"The perception that cash buyers don't buy [F&I products] is not true," Maxim said.

Indeed, Service Group's data show that through July 25 this year, 16 percent of cash buyers purchased service contracts.

Margot Miller, corporate director of finance and chief compliance of-

ficer for Mills Auto Group in Fort Mill, S.C., says she reminds her F&I managers that "the only thing in that office that remains consistent is you."

"If you're going to sell something to a cash customer, it depends on one thing, and that's you," she said.

### 'Recipe for success'

She advises them to follow a consistent process no matter what kind of buyer is sitting across the desk.

If cash buyers can write a check for a \$30,000 vehicle, "surely they can write a check to protect it for a tenth of that price," she said. It "should be an easier sell if you get your head around it."

Most dealerships measure income per finance deal and total F&I profit per vehicle. But six months ago, Mills Auto began measuring F&I profit per cash deal. Since then, product penetration has increased a "good 10 percent" on cash deals, Miller said. Measuring the F&I managers' success with cash buyers holds them more accountable.

She said the combination of consistency and measuring results "creates a recipe for success." **AN**

## VW dealer turns to F&I to offset front-end squeeze

**Jamie LaReau**  
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When Volkswagen's emissions cheating scandal broke last September, dealer Joe Esposito began discounting vehicles to entice skittish buyers. But he knew if he didn't find a way to counter his losses, his store could wind up in trouble.

"We were taking shorter margins on the new VWs, especially on the customers that were cash buyers," said Esposito, managing partner of Camelback Volkswagen in Phoenix.

To offset the lower margins, Esposito decided to "home in" on finance and insurance sales.

His decision reflects what other VW dealers are realizing: They must find creative ways to shore up the bottom line as they take a hit on vehicle sales, and F&I is a way to do that, says Chip Maher, principal of CWM Consulting in Richmond, Va.

"I've had some comments from

dealers that this has been a wake-up call," Maher said. The message: "Do not be completely dependent on the new-car department"; rather, be "fully absorbed" in all profit areas of the business.

That includes eyeing ways to improve sales in the F&I department, Maher said.

"A good dealer is making \$1,200 to \$1,500 net per vehicle in F&I," Maher said. If dealers "are not doing that, they'll be at a competitive disadvantage in the market."

The most marked way dealers are increasing F&I revenue is by selling more ancillary products and relying less on finance reserve earned from arranging loans.

That was Esposito's strategy at Camelback VW, which sells about 2,700 new and used VW cars a year.

In October, he hired Regina Hale, a finance director who "really understands finance" to teach his F&I



**VW's crisis forced dealer Joe Esposito to improve his F&I business. He hired Regina Hale to teach his F&I managers how to sell more product.**

managers how to sell more product.

He also adopted menu selling so

that every customer sees every product available for purchase. Last, he let the sales staffers join in

on the profits. He gave them part of the commission on an extended service contract sale if they contributed to the customer buying the product.

It all paid off. The dealership's average F&I revenue per vehicle is \$1,853, up from \$1,133 before the emissions scandal, Esposito said.

"That's not from a lot of interest rate; that's just selling a lot of product. We got really good at F&I to make up for the front-end shortfall," Esposito said.

"We made [F&I managers] chase volume."

Esposito said VW's crisis forced him to make long-needed improvements to his F&I business.

"Did the scandal freak me out? Yeah, for sure," he said.

"And were our front-end margins down? Yes. But we put a team together, and we figured out how to make that up." **AN**



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# A NEW GORILLA

With aggressive acquisitions, Cox Automotive rivals huge dealer-services firms

This report was prepared by Vince Bond Jr., Hannah Lutz, Arlena Sawyers and James B. Treece

For many years, the universe of vendors to auto dealerships was stable. There was Reynolds and Reynolds and there was CDK Global, formerly ADP Dealer Services. After those two 400-pound gorillas in the space came everyone else — a host of vendors, each with its own niche.

Seemingly overnight, Cox Automotive has burst on the scene as a rival to Reynolds and CDK. Its multiple brands offer services to dealerships that include online marketing, floorplanning, service scheduling, car hauling, used-vehicle auctions and reconditioning for retail sales. Cox's brands even include a dealership management system, albeit a minor one, which has always been Reynolds' and CDK's core strengths.

In the U.S. "we touch three out of four vehicle transactions in some way," says Cox Automotive President Sandy Schwartz.

While there are advantages to offering a full suite of products to dealers, Cox Automotive runs the risk of becoming too much like Reynolds and CDK in dealers' eyes. Those two vendors' sheer size and importance to dealership operations have led some dealers to view them as arrogant and insensitive to an individual dealership's needs. Those criticisms may be invalid — dealers understandably are leery of becoming too reliant on any one vendor — but are hard to shake.

Many of the changes at Cox this decade are tied to the increased role of digital tools at dealerships. Cox Automotive has a clear vision of how online auto retailing will evolve and is positioning itself to be part of every step of that online transaction. (See story, Page 20.)

### Family-owned

It's an ambitious goal for a company that, for three decades, was content in the automotive space to run an auto auction and publish car ads.

Cox Enterprises, a privately held Atlanta company, is the third-largest cable TV provider and one of the largest broadband communications companies in the United States. It owns *The Atlanta Journal-Constitu-*



Cox Enterprises founder James Cox served as governor of Ohio and in 1920 ran for president.

tion and other newspapers, radio and TV stations, plus direct- and digital-marketing units. Its revenues in 2015 rose \$1 billion, or 5.8 percent, to \$18.1 billion.

A family-owned business, Cox Enterprises was founded in 1898 when James Cox bought the *Dayton Evening News*. He went on to serve as Ohio's governor

and in 1920 ran for president with Franklin Roosevelt as his veep; they lost to Warren Harding. Company insiders still refer to "the governor" to distinguish the company founder from his son, James Cox Jr.

Today, Jim Kennedy, 68, is the third-generation chairman of the company. His cousin, Alex Taylor, 42, is the COO and heir apparent to run the company. At a recent gathering, the company's top managers were asked to lay out their succession plans. Taylor pulled out his smartphone, said, "Here's mine," and showed the group a picture of his 1-year-old son.

Cox Enterprises got into the automotive world in 1968, when it bought Manheim, an auction company founded in 1945 in Manheim, Pa. In 1999 Cox joined private-equity investors to fund the launch of Autotrader.com, an online alternative to print auto classified ads, with Chip Perry, now TrueCar's boss, as the startup's first employee. Both businesses chugged along, growing successfully — Autotrader topped

see **COX**, next page



Manheim, founded in 1945, was bought by Cox Enterprises in 1968. The purchase marked Cox's entry into automotive.



# COX

“We’re never going to say, ‘You gotta buy ‘em all’”

continued from previous page

\$1 billion in revenue in 2011 while Manheim now is the largest auto-auction company in the U.S. — but hardly setting the industry on its ear.

## High gear

Then the company shifted into acquisition mode. In 2010 Autotrader bought rival Kelley Blue Book and used-vehicle inventory management trailblazer vAuto. In 2012 Manheim snapped up Ready Auto Transport and merged two lending units to create NextGear Capital.

In 2014 Cox Enterprises united all its automotive businesses under the Cox Automotive brand, naming Schwartz as the unit’s president. It also bought Xtime, which helps dealerships schedule service appointments. In a 2015 blockbuster move, Cox Automotive bought Dealertrack — which included Dealer.com and a dealership management system company formerly known as Arkona — for \$4.5 billion, including debt that Cox assumed.



**Barnard: We had gaps.**

When Manheim and Autotrader were run independently, “we had clients asking us, ‘Why aren’t you working more closely?’” recalls Janet Barnard, president of Cox Automotive’s Inventory Solutions group, which includes Manheim. Cox employees were asking the same question. So under the mantra “Better together,” Cox put them together as Cox Automotive.

“When we did that, of course, we realized we had a number of gaps in our ability to serve clients,” says Barnard, who came from Cox’s cable-TV operations. “That’s when we did the Xtime acquisition and then later Dealertrack.”

## ‘House of brands’

Cox Automotive has sought to merge and integrate related properties where it makes sense, even as it keeps their distinct identities and brands. The name “Cox Automotive” appears more frequently these days but generally less prominently than the more well-known brands such as Manheim, vAuto and Dealertrack. “We’re a house of brands, not a branded house,” Schwartz says.

**“If they remember where they came from, bigger doesn’t concern me.”**

Joe Pritchard  
Iowa dealer

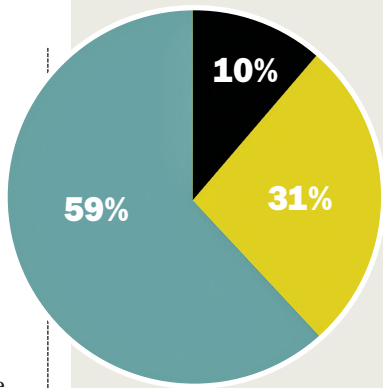
Schwartz, the son of Holocaust survivors who emigrated to the U.S. before he was born, is a former journalist who has held 17 jobs during 31 years with Cox Enterprises. He is a rapid, self-deprecating speaker who is quick to give credit to others as part of what he calls “distributive management.”

His “house of brands” approach has helped the company retain a number of the entrepreneurial, innovative founders of the companies it has bought, including vAuto’s Dale Pollak, Dealer.com’s Rick Gibbs and Dealertrack’s Mark O’Neil.

Moreover, the company insists that dealerships should be able to pick and choose which Cox products to use and easily integrate those with any other company’s offerings. Says Schwartz: “We’re never going to say, ‘You gotta buy ‘em all.’” And if one brand can better serve its customers by working with a Cox rival, so be it. (See story, Page 24.)

## Massive reach

Still, Cox’s rapid expansion and massive reach was on display at the National Automobile Dealers Association convention in Las Vegas in late March. Cox Automotive’s numerous entities occupied more square footage on the exhibition floor — 27,200 — than Reynolds, CDK and General Motors combined, deploying 600 employees.



## Automotive within Cox

Distribution of Cox Enterprises’ \$18.1 billion in revenue in 2015

**Cox** (cable TV, broadband): \$10.5 billion

**Cox Automotive:** \$5.9 billion

**Cox Media** (newspapers, TV and radio stations, digital- and direct-marketing companies): \$1.7 billion

Source: Cox Enterprises

## Cox Automotive reach

Here are some of Cox’s North American brands and their competitors.

CATEGORY	COX BRANDS	RIVALS
<b>Inventory</b>	Manheim	ADESA
	Ove.com	Openlane (ADESA)
	Ready Logistics	SmartAuction (Ally)
	HomeNet	Private auctions
	DealShield	ShipCarsNow
	Stockwave vAuto	United Road
<b>Finance</b>	NextGear Capital	Ally Financial Other floorplan lenders
	<b>Media</b>	Autotrader
Kelley Blue Book		Cars.com
Dealer.com		Edmunds.com
		CDK Global
<b>Retail</b>	Dealertrack	Reynolds and Reynolds
	VinSolutions	CDK Global
	Xtime	Dominion
		Autosoft
		Auto/Mate
		RouteOne Open Dealer Exchange OEConnection AutoPoint



## Sandy Schwartz

**Title:** President, Cox Automotive

**Age:** 63

**Oversees:** 30,000 employees; more than 200 locations worldwide

**Education:** Attended Ohio State University

**Prior positions:** President, Manheim; president, Cox Autotrader; president, Cox Media Group; president, Cox Arizona Publishing; general manager, *The Atlanta Journal-Constitution*; executive vice president, Cox Newspapers; executive vice president, *Austin American-Statesman*

Cox isn’t slowing down. “We are absolutely a growth company,” Schwartz says. It expects to grow at a double-digit clip this year and to continue doing so for the next 20 years, according to Cox Enterprises’ long-term plan.

In interviews, most dealers indicate they aren’t particularly worried about Cox becoming too domi-

nant of a vendor. But some are reserving judgment.

Brian Benstock, general manager of Paragon Honda in New York has used vAuto tools to manage his used-vehicle operations since before it was acquired by Cox Automotive. He is also a customer of Manheim, Dealertrack and Autotrader.com.

He was concerned at first about Cox Automotive’s acquisition of vAuto because “Dale [Pollak] carried vAuto on his back.”

But after seeing how Cox Automotive’s many companies and platforms create “incredible” integration opportunities for dealers — from vehicle acquisition to pricing to merchandising — Benstock is sold. He said he also likes that the products “play nice” with his CDK dealer management system.

“These guys know what the heck they are doing,” Benstock says.

Greg Kostern, business operations director at Johnson Automotive, a dealership group in Raleigh, N.C., says of Cox, “They’re incredibly successful at everything they touch, [which is] indicative of management-side” strength.

But he warns that the company has to maintain the personal aspect of their client relationships. If that stops, he says, it would be the downside to Cox’s growth. “At this point,” though, “it’s not happening,” he says.

Joe Pritchard, owner of Pritchard Family Auto Stores in Iowa, says: “If they remember where they came from, bigger doesn’t concern me. But if they forget where they came from, I would be concerned. Just because you’re bigger doesn’t mean you’re better.”

## ‘They will reward you’

Pollak, Schwartz and others at Cox understand those sentiments.

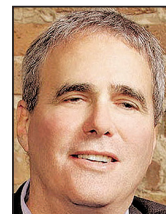
“You know what? The only thing I can tell our dealers is judge us on our actions,” Pollak says. “When you show dealers you will put their interests before yours, they will reward you for it.”

Before Cox Automotive bought Dealertrack, Schwartz sounded out dealers. Would the company become too big? Would they resent signing very large checks to Cox?

The response was, he recalls, “If this works, I don’t care who I’m sending my money to. If it doesn’t work, you’re out of here.” **AN**



**Benstock: Likes the integration**



**Pollak: “Judge us on our actions.”**



# From marketplace to matchmaker: Cox's vision for online car sales

Company plans to play a role in each phase of a fully digital auto transaction

Hannah Lutz  
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A few clicks won't get a consumer a car — yet. But Cox Automotive has a vision for how its many entities will enable consumers to buy cars online from dealerships.

Today's consumers have a specific buying experience in mind, one that allows them to buy with the click of a button from anywhere, anytime. It's the Amazon experience. But buying a car is far more complicated than most purchases. Not many shoppers looking for headphones need financing or a quote on the old headphones they're trading in.

So while Cox executives acknowledge that consumers expect an Amazon-like experience, they add that most auto retailers omit a critical step — “making” or negotiating the deal online — in their planned evolution to that online world. That's a capability Cox now offers, the company says.

Multiple Cox Automotive companies are involved in some aspect of the retail experience. By linking those companies together online, Cox plans to play a role in each phase of a completely digital transaction.

“We are actively building all of the capabilities to host the documentation, to calculate the taxes and fees to the penny, to prepare the online deal structure in order to enable that transaction,” said Mike Burgiss, Cox Automotive's vice president of digital retailing.



Burgiss: “We have a path.”



Rowe: Online shift on the way

Some of the building blocks:

- Dealer.com, Autotrader and Kelley Blue Book offer consumers platforms to start researching vehicles and inventory online.

- MakeMyDeal — or the critical step Cox believes many auto retailers are missing — enables consumers to negotiate the deal, including price, online via a messaging platform with a dealership employee.

- Dealertrack provides the necessary digital retailing and lending tools on the dealership side of the transaction.

Cox currently is educating dealers on the digital components that already exist: starting and making the deal online. It plans to continue encouraging dealers to enable customers to make deals online before it eventually launches an online shopping cart.

Elgie Bright, chair of automotive marketing and management at Northwood University, said other companies are aiming for an online sales process, but “I get a sense that [Cox Automotive is] positioning [itself] to, if not be first, to be in that first group that successfully makes it happen.”

## The human element

Since 1998, when Amazon really took off and began to redefine retailing, according to Burgiss, there has been buzz that Internet sales would replace dealerships.

That hasn't happened, Burgiss says, in part because the companies that have tried to move car sales online didn't factor in the relationship aspect of the business. Too many wanted to copy the shopping-cart model without understanding that car buying is different. “It's not perceived as a checkout counter where there's no relationship, like a grocery store,” Burgiss said.

“A human and a human have to come to terms on how you're going to buy and sell the car, and now we've incorporated that as the primary element of how we're approaching the problem. Now we have a path for how to help the industry transition. That's been the missing ingredient.”

For Amazon and all of its followers, “the Internet is a transaction tool,” Burgiss said. But, he added: “Companies like Facebook and Snapchat and Pinterest and Twitter taught us that the Internet is not just a publishing tool,” it's also a relationship tool.

Now that Cox Automotive can provide the relationship component by way of MakeMyDeal, the company is ready to help dealerships take advantage of a significant transition in online retailing: the “shift from marketplace to matchmaker,” says Jared Rowe, president of Cox Automotive Media.

For years dealerships' websites have been research portals where consumers learned about cars, checked inventories, submitted leads

see **VISION**, next page



## Cox Automotive timeline

YEAR	BRAND	WHAT HAPPENED
1968	Manheim	Cox Enterprises acquires Manheim (Pa.) auto auction; moves headquarters to Atlanta
1997	Manheim	Partners with ADP to form AutoConnect
1999	Autotrader	Autotrader.com formed from merger of AutoConnect, Trader Online; Cox Enterprises, private-equity firms hold stakes
2001	Dealertrack	Founded by Chase Auto Finance, AmeriCredit and Wells Fargo
2007	Dealertrack	Buys Arkona, a dealership management system company
2010	Autotrader	Buys vAuto, Kelley Blue Book, HomeNet
2011	Autotrader Manheim Autotrader	Buys VinSolutions Sandy Schwartz named president Surpasses \$1 billion in revenue
2012	DealShield Ready Auto Transport Manheim  Bitauto	Formed by Manheim Bought by Manheim Buys Dealer Services Corp. and merges it with Manheim Automotive Financial Services to form NextGear Capital Cox Enterprises buys 21.8% stake in Chinese car-buying website
2013	Autotrader Haystak Digital Marketing GO Auto Exchange  DealerMatch  Autotrader	Pulls plug on planned \$300 million IPO Bought by Autotrader's VinSolutions Formed via partnership of Manheim and subprime used-car retailer DriveTime to run auctions aimed at independent dealers and lower-priced vehicles Launched to enable dealer-to-dealer used-vehicle sales, bypassing auctions. Fails and fades away in 2014. Autotrader Group CEO Chip Perry resigns; joins TrueCar in 2015
2014	Cox Enterprises  Autotrader  Cox Automotive  Manheim Xtime Dealertrack	Newly installed CEO John Dyer urges managers: “Act now. Be bold. Stay true.” Cox Enterprises becomes 98% owner after completing buyouts of private-equity partners; past, present employees own remainder Formed to oversee all automotive brands; Schwartz named president Janet Barnard named president Bought by Cox Automotive Buys Dealer.com for \$1 billion
2015	Dealertrack  Cox Automotive  Manheim	Bought by Cox Automotive for \$4.5 billion, including debt acquisition Former Dealertrack Co-President Raj Sundaram named chief client success officer; Jared Rowe named president of Media division, including Kelley Blue Book, Autotrader Launches Retail Solutions, which readies cars post-auction for retail sale
2016	Cox Automotive  Cox Automotive	Former Dealertrack CEO Mark O'Neil named COO; Rick Gibbs, co-founder and former CEO of Dealer.com, named chief product officer Under separate banners, Cox units dominate the exhibition hall at NADA convention with an estimated 600 staffers at their booths



## VISION

continued from previous page

and waited for someone to call them back, says Andy MacLeay, director of digital marketing for Dealer.com.

But that wait-and-see approach doesn't cut it today, Rowe points out. Consumers are increasingly choosing which dealerships to do business with online, so they're giving fewer stores a chance to earn their business offline.

"The value proposition of a lead really has never been fulfilled," Rowe told *Automotive News*. "Give me five pieces of information, and I'll give you a price quote." Very seldom does that actually occur."

If a person leaves a site during the courting phase, says James Grace, Dealer.com's director of analytics, there's a good chance he

or she could become interested in another dealership and end up going there instead.

### Deal mentality

Cox officials say dealerships need to have a transactional mentality with their websites. So Cox Automotive's numerous brands offer products and functions that will keep consumers on dealership sites longer while cutting down the time consumers have to spend inside of stores.

For instance, used-car stalwart Kelley Blue Book and its trade-in tool can be integrated into websites to give potential clients a read on the worth of their vehicles. Then there's MakeMyDeal, which lets customers negotiate a price online.

After the consumer has proposed a deal structure through MakeMyDeal, dealership



Grace: Courting phase is key.

employees can respond by "counteroffering on the price of the vehicle, adjusting the financing terms, updating the value of the trade [or] changing the amount of the cash down to reach a desired monthly payment," Burgiss said. The negotiation incorporates F&I product offerings, too.

Inside the dealership, the overall negotiation often happens at the backend of a sale, but online, it's in the middle of the process. The dealership can send the customer "an actual deal proposal with an entire breakout of taxes and fees and everything," Burgiss said. He added that how — and where — deals are consummated will be a decision for retailers.

"There will be a lot of flavors for how this plays out," Burgiss said. "Do you provide an at-home test drive? Or do you require the

customer to come into the dealership to do the test drive and meet everybody and fully experience the dealership?"

After getting through the hurdles, including each state's requirements, Cox aims to enable the digital transaction from anywhere the customer wants. That capability will come via Dealertrack, Burgiss says.

For now, Dealertrack connects dealerships with lenders that will finance their customers. The next phase for Dealertrack will be an automatic dealership-to-consumer response confirming the loan and its details.

"Then you can prompt the consumer to take the next step, which would be to sign the buyer's order or fill out the retail finance agreement or do some other things that may happen in the store," Burgiss said.

see VISION, Page 24

## Dealer.com aids local ad efforts for makers

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Thinking with a local mindset can pay off for automakers that invest digital advertising dollars into campaigns at the Tier 3 level, Dealer.com says.

Manufacturers are accustomed to dropping big bucks on flashy, national Tier 1 TV commercials to build excitement around their brands or directing consumers to stores for regional Tier 2 efforts.

Dealer.com, a unit of Cox Automotive, increasingly is helping national brands coordinate local digital advertising with dealerships. Dealer.com's actions illustrate how Cox units keep their focus while tying into Cox Automotive's overarching strategy of serving all links in the online purchase process.

In 2015 Dealer.com worked with an import brand to boost traffic to dealership websites and vehicle detail pages. A Tier 1 approach did not fit the goal, so the brand funneled its dollars locally, said Chris Smith, Dealer.com's vice president of ad sales.

Dealer.com worked with the brand, which it declined to identify, in a coordinated digital blitz in the fourth quarter of 2015 that ended up driving a 6.9 percent boost in traffic for the involved dealerships. Smith said overall traffic for U.S. stores declined 11 percent on average during that quarter. Automakers that direct cash to Tier 3 digital campaigns are seeing good returns on their investments as all parties — Dealer.com, the automakers and dealerships — fill the Tier 3 gap, Smith said.

"I believe if that consumer is lower in the funnel and ready to buy, the best place to send them is the local dealer's website. It's a name they know and trust," Smith told *Automotive News*. "They now know that the vehicle they've been researching and looking for is right there waiting for them. That's the type of connection we're trying to make." **AN**

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## Synergies take back seat to serving customers

If meeting clients' needs means Cox units compete, so be it

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Stockwave, created by Cox Automotive's vAuto Inc., searches auctions to find used vehicles for its dealership clients. Manheim, also owned by Cox, is the nation's largest auto auction company.

It looks like an opportunity for one division to feed another. Not so at Cox.

Stockwave's software gives no preference to vehicles at Manheim auctions. Instead, it goes after the vehicles that best fit a dealership's needs, even if those vehicles are at Manheim's competitors, such as ADESA, one of the many independently owned auctions, or SmartAuction, an online auction operated by Ally Financial.

Stockwave is the latest example of how Cox Automotive and its parent, Cox Enterprises, encourage one unit to compete with, rather than defer to, its siblings. In effect, Cox units are told to put the customer's desires ahead of the company's.

### 'Industry agnostic'

At the dealership level, that means that even though Cox offers a wide range of products for dealerships, "we're never going to say, 'You gotta buy 'em all,'" said Cox Automotive President Sandy Schwartz.

"If someone has a better product, shame on us, but [the dealer] should buy the better product. And it should integrate easily" with Cox Automotive products, he said.

As much as Manheim wants to be dealers' go-to destination for used vehicles, it's right for Stockwave to be "industry agnostic," said Janet Barnard, president of Cox Automotive's Inventory Solutions unit, which includes Manheim.

An abundance of vehicles are available in the wholesale market, but dealerships still have difficulty finding the right vehicles, she said. That's where Stockwave comes in.

"When this idea was birthed, the concept of it being industry agnostic was in line with what we believe is the right future for Manheim and Cox Automotive," Barnard said. "If we continue to provide ease of doing business and the right inventory for the right buyer, then we're going to win anyway; you'll also buy cars at our auctions."

That commitment to not giving preference to Manheim is "absolutely guiding principle No. 1," said Dale Pollak, Stockwave's boss, who founded vAuto and then sold it to Cox's Autotrader brand in 2010. "I'm so proud of Cox and Manheim to embrace that philosophy."

The AutoGrade vehicle-condition reporting tool was another case of putting customers' interests ahead of the company's. Manheim invested heavily to develop AutoGrade, which is designed to reduce human error and subjectivity when describing a used vehicle's condition. That enables buyers at auctions to decide more quickly which vehicles they might bid on. And, especially for online buyers, it gives them more confidence that there won't be unpleasant surprises.

In 2014 Manheim made AutoGrade available to all National Auto Auction Association members at no cost, through the association. It was adopted by ADESA and some large, independent auction

houses and quickly became accepted across the industry. Today, when auction buyers speak of looking for vehicles rated between 2.5 and 3.5 by AutoGrade, their peers know exactly what that means.

Might Manheim have charged rivals for the use of AutoGrade? "That was an option," Barnard said, but "clients were asking us for an industry standard."

"We had a standard they were happy with, which will continue to evolve. We wanted to make sure it got in the hands of as many users as we could. The best way to do that is to license it to them for free" while holding onto the patents, she said.

Manheim benefits, too. Greater trust in condition reports can boost buyers' willingness to bid, thereby raising the percentage of vehicles sold first time through the lane. Doing that has been one of Barnard's top objectives since joining Manheim from Cox Enterprises' cable business.

Cox's attempts to put customers' interests first haven't always worked. Take DealerMatch.

DealerMatch debuted in summer 2013 as a corporate sibling to Manheim. Its business model was to help dealerships buy and sell used vehicles among themselves while avoiding the auctions. Ads promoting it talked about avoiding high auction fees, angering other auctions.

In launching DealerMatch, Cox felt that "if we don't do this, someone else will," Schwartz said. But after investing heavily in technology to support dealer-to-dealer used-vehicle swaps, Cox found dealers already had ways of doing that and didn't need DealerMatch, he said.

DealerMatch disappeared in 2014.

Barnard calls DealerMatch "a good idea that was probably before its time." She said Manheim is "constantly piloting and testing other ways that we might facilitate a dealer-to-dealer transaction, so more to come on that."

The philosophy behind Stockwave and DealerMatch isn't new to Cox Enterprises.



**Schwartz: "It should be us."**

### 'Let them compete'

About 30 years ago, the head of Cox Enterprises' newspapers, including *The Atlanta Journal-Constitution*, went to top management and said that automotive classified ads were going to go away. It was a dire prediction; at the time, automotive classifieds chipped in \$100 million of the *Journal-Constitution's* \$550 million in total revenues.

Management's response, as recalled by Schwartz: "If someone's going to eat our lunch, it should be us." So Cox and another newspaper company formed AutoConnect, which published magazines that competed against newspapers for automotive classified ads. When AutoConnect later morphed into Autotrader.com, it tapped into Manheim's used-car data and growth surged.

When Barnard was in charge of a Cox regional cable operation, she says, the local cable network she ran once dropped a Cox-owned TV station from its package, rather than pay what she considered an "outrageous rate" — which would have been passed along to customers — to include the broadcast signal in the cable retransmission.

Said Barnard: "The leadership philosophy at the time was let the divisions run autonomously. If there's a time they compete, let them compete." **AN**

## VISION

continued from Page 21

Cox Automotive has about 2,600 dealerships that do some part of the process online, whether that's starting the deal, making the deal or both. Dealers have been concerned about communicating with customers online and responding to their proposals before meeting them in person, Burgiss says. But the trade-off for dealers who take that step is the speed and connection with, and genuine interest from, the customer.

If a dealership receives 100 emails from the website, there is a 4 to 8 percent sales conversion rate, according to Burgiss. For customers who visit the

store, there is an 18 to 21 percent rate. For those who start the deal online, make the deal online, or both, conversion rates can hit 40 percent.

Burgiss said he has seen some dealers have "almost like a little bit of a religious conversion" after doing the deal online.

If dealers treat online car shoppers as if they were in the showroom and use the Internet as a communication platform, they will be successful, Burgiss said.

"And in most cases," he added, dealers will be "more successful than [they] are in the showroom at making a connection, at selling a car, at making it profitable." **AN**

Vince Bond Jr. contributed to this report.



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## PART 4: KOREA | HYUNDAI | KIA

### Korean brands are preparing for domination

**David Undercoffler**  
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**L**OS ANGELES — It's a rise to legitimacy first seen by the Germans, then the Japanese. Korea's one-two punch of Hyundai and Kia got their U.S. foothold a few decades ago with small, cheap appliances and grew from there into bona fide competitors.

But as the next five years will prove, those two brands aren't satisfied anymore to run with the pack. They want to lead it. And they're aggressively expanding into a host of new segments with products that will challenge rivals such as Honda and Toyota in style, execution and technology.

The green-car front will see the arrival of Hyundai's Ioniq trio of cars and its unnamed fuel cell crossover, as well as Kia's Niro lineup of electrified crossovers.

Hyundai is using the Genesis brand to challenge the luxury realm with a vigor that rivals anything Japan has put together, promising dedicated rear-wheel-drive platforms and engines. And with a full stable of Genesis vehicles arriving by the end of the decade, it's doing it on a faster timetable. Meanwhile, Kia is preparing a four-door luxury coupe and another generation of its big luxury sedan.

On the performance side, Hyundai has wooed big-time German talent to develop its forthcom-

ing N division of cars.

Plus, the brands have momentum. Kia was the highest-scoring brand in J.D. Power's Initial Quality Study this year, beating out 32 other brands sold in the U.S. It was the first time a nonluxury brand had topped the survey in 27 years. And Hyundai? Not too shabby at No. 3, ahead of Toyota and BMW.

Rough seas may be ahead for some in the auto industry, as U.S. sales plateau after six years of consecutive jumps. But with heaps of new products headed to their dealerships through the end of the decade, Hyundai and Kia have the wind at their backs. **IAN**



**David Undercoffler** covers South Korean and other Asian brands from Automotive News' bureau in Los Angeles.

#### WHAT DO THE TERMS MEAN?

■ **Freshen:** Minor changes to interior and exterior, such as new grille, fascia, front and rear lights or seat surfaces.

■ **Re-engineering:** Significant engineering changes, such as revised powertrain, chassis, suspension, center stack or interior. Often includes some new sheet metal.

■ **Redesign:** New platform, powertrain, interior and sheet metal. Engine and transmission could be carried over.

## Hyundai launches green Ioniq lineup

With lux cars spun off, room for more crossovers

**David Undercoffler**  
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**T**he times they are a changin' at Hyundai. Its premium offerings will be spun out to a new luxury marque, but the mainstream Hyundai brand's lineup will expand to accommodate the Ioniq trio of green cars, a new subcompact crossover and a fuel cell crossover, along with variants from the N performance subdivision that will breathe some much-needed excitement into Hyundai's sportier models.

**Accent:** Hyundai's subcompact car gets a redesign in 2017 for the 2018 model year. It will likely come with only minor changes to the 1.6-liter (nonturbo) four-cylinder engine that's in the current model. But say goodbye to the Accent hatch-



back in the U.S. It's being replaced by a new subcompact crossover.

**Elantra:** The latest generation of Hyundai's compact sedan went on sale this year. For the 2017 model year, the Elantra Sport joins the mix with 200 hp and a six-speed manual or seven-speed dual-clutch transmission. In 2017, Hyundai is expected to launch the Elantra GT N, a hot hatch aimed at the likes of Volkswagen's Golf R



see **HYUNDAI**, next page

#### TIMELINE

	2016	2017	2018	2019	2020
<p><b>Hyundai</b></p> 	Elantra Sport debut Ioniq EV debut	Accent redesign Elantra GT N debut Sonata freshen Veloster redesign Ioniq hybrid debut Ioniq PHEV debut Azera redesign? Subcompact crossover debut Fuel cell crossover debut	Veloster N debut Tucson freshen Santa Fe redesign		
<p><b>Genesis</b></p>	G90 debut	G70 debut G80 freshen	G70 Coupe debut Midsize crossover debut	G80 redesign Compact crossover debut	
<p><b>Kia</b></p>	Soul freshen Forte re-engineering Cadenza redesign	Rio redesign Redesigned Optima hybrid Optima PHEV debut GT debut Niro hybrid crossover debut Niro PHEV debut Sedona re-engineering Subcompact crossover debut	Niro EV debut Sorento re-engineering	Soul redesign Forte redesign Optima freshen K900 redesign Large crossover debut	Cadenza freshen Sportage freshen



# Kia plans broad offensive across segments

## Updates, tweaks, crossovers galore and the GT

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Hyundai's corporate cousin is attacking the market on all fronts, with compelling updates and additions that include its Niro line of green crossovers; subcompact and full-size crossovers to bookend the crossover lineup; large cars in the Cadenza and new GT coupe-style four-door; and savvy tweaks to its small cars.

**Rio:** Kia's tidy subcompact was freshened for the 2016 model year. A redesigned model is expected for the 2018 model year and will be built in Kia's new plant outside Monterrey, Mexico. Kia might also offer the next-generation Rio hatchback with the company's 1.6-liter turbocharged four-cylinder as an answer to Ford's Fiesta ST.

**Soul:** Kia's No. 2 seller last year will get a new turbocharged model by year end when the freshened 2017 models go on sale. The turbo model will use the same 1.6-liter turbocharged four-cylinder engine and seven-speed dual-clutch transmission that Kia and Hyundai use throughout their lineups. Look for light cosmetic upgrades for the whole Soul lineup. A redesigned model is expected in 2019 with the EV model dropping out in favor of the coming Niro line.

**Forte:** Kia's compact car gets a re-engineering for the 2017 model year and drops the 1.8-liter four-cylinder base engine in favor of a new 2.0-liter four-cylinder. In addition to minor styling tweaks to the sedan, hatchback and coupe models, the turbocharged SX drops its six-speed automatic transmission in favor of the seven-speed dual-clutch unit Hyundai-Kia usually



A future subcompact crossover could echo the Provo concept from 2013 Geneva show.

matches with the 1.6-liter turbo. This will be the first Kia model to be built at the Monterrey plant. A redesigned Forte is expected in 2019, at which point the slow-selling coupe model may be dropped.

**Optima:** Kia's 2015 best-seller was redesigned for the 2016 model year. The midsize sedan offers three engine choices: a base 2.4-liter four-cylinder, a 1.6-liter turbocharged four and a top-end 2.0-liter turbo four. Two more powertrains join the mix in 2017: a hybrid early in the year and then a plug-in hybrid should land later in 2017. Look for a freshening in 2019.



Telluride could arrive in '19

**Cadenza:** Despite shrinking demand for full-size, front-wheel-drive sedans, Kia redesigned its Cadenza for the 2017 model year. This second-gen model (in the U.S. market) shares underpinnings with Hyundai's Azera; thus it comes with a 3.3-liter V-6 and an eight-speed automatic transmission when it goes on sale later this year. Based on Kia's global cadence with this car, a freshened model isn't expected until 2020.

**K900:** Despite relatively slow sales and a sharp drop from 2015 numbers, Kia needs this luxu-barge in the U.S. market to give the brand some premium cachet. Thus it's expected to return for a redesign in 2019. Based on the Genesis G90, the K900 could add the 3.3-liter, twin-turbo V-6 to the line-

up as well as the 10-speed automatic transmission Hyundai and Kia are developing.

**GT:** Kia's long-awaited four-door luxury coupe could break cover as early as the Paris auto show in late September and is expected to go on sale in 2017 as a 2018 model. The new rear-wheel-drive car is based on the Hyundai Genesis/G80 platform. This means all-wheel drive will likely be optional and the 3.8-liter V-6 will likely be the base engine in the U.S. Kia is also expected to offer Hyundai-Kia's new 3.3-liter, twin-turbo V-6 into this yet-unnamed model in the future. The car's profile will echo that of the Audi A7, with styling said to retain much of the look of the GT concept that Kia showed at the 2011 Frankfurt motor show.

**Niro:** The new hybrid crossover hits the market in early 2017 and is built on the same platform as Hyundai's upcoming Ioniq hybrid. The fwd Niro is powered by a 1.6-liter four-cylinder en-

see KIA, Page 28

## HYUNDAI

continued from previous page

and Honda's Civic Type R. Using the 2.0-liter turbocharged four-cylinder from the Theta family, the car could pack close to 300 hp and will likely come with a six-speed manual transmission or a seven-speed dual-clutch gearbox.

**Sonata:** Hyundai's modest midsize sedan will be freshened for the 2018 model year and is expected to gain back some of the curvy styling that made the previous generation such a hit. Engine choices (base four-cylinder, turbocharged four-cylinder, hybrid and PHEV models) will likely remain, though Hyundai will add its new eight-speed automatic transmission to its gasoline models for better fuel economy.

**Veloster:** A second generation of Hyundai's quirky three-door sport coupe is happening, likely showing up in 2017 as a 2018 model and using Hyundai's 1.6-liter turbocharged four-cylinder. The Veloster also is expected to be one of the models tuned by Hyundai's N performance subdivision, which would use the same 2.0-liter turbocharged four-cylinder engine as in the expected Elantra GT N hatchback. Look for the Veloster N no earlier than 2018.

**Ioniq:** Hyundai's new dedicated green-car lineup starts with the Ioniq EV, which goes on sale this fall. It will have 120 hp, 215 pounds-feet of torque and a 110-mile range. The Ioniq hybrid hits the market over the winter, and the Ioniq plug-in hybrid joins the mix next summer. The hybrids share a 1.6-liter, direct-injected four-cylinder engine. The PHEV will have an electric-only range of more than 25 miles.

**Genesis Coupe:** Hyundai's long-running rear-wheel-drive coupe likely won't return in its current form. Instead, look for the model to reappear in the Genesis column as

## Genesis takes off, ready to challenge lux leaders

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Hyundai spent more than a decade deciding whether to follow competitors such as Honda, Toyota and Nissan in carving out a separate luxury division, and it finally gave the go-ahead last year, with plans to offer a lineup of six models in the U.S. by 2020—through the existing Hyundai retail channels, for now.

**G70:** This compact sport sedan is aimed squarely at the heart of BMW's venerable 3-series family and thus will echo many of the Bimmer's attributes. Look for rear-wheel drive, coupelike styling that echoes the Genesis New York Concept from this past spring's New York auto show and a trio of powertrains: a hybrid four-cylinder, a turbocharged 2.0-liter four-cylinder and a turbocharged 3.3-liter V-6. The car will debut in late 2017 or early 2018 as a 2018 model. A G70

the G70 Coupe, arriving after the sedan version debuts in late 2017 or early 2018.

**Azera:** The large sedan soldiers on for the 2017 model year, and then its future becomes more cloudy. The model has good prospects abroad—it's sold as the Grandeur in Korea, where it's immensely popular—but large-sedan sales are withering across the board in the U.S. If it does serve another tour stateside, the redesigned model would likely be a 2018 model and would be the first Hyundai model to carry

Coupe using the same powertrains will follow the sedan shortly after that and replaces the current Hyundai Genesis Coupe sports car.

**G80:** The artist formerly known as the Hyundai Genesis gets only some new badging for 2017. The 3.8-liter V-6 remains the base engine and the 5.0-liter V-8 the optional motor. But as early as 2018, Hyundai could drop the V-8 in favor of its new 3.3-liter twin-turbo V-6. Look for the model to be freshened for the 2018 model year as well, with a redesigned model coming as early as 2019.

**G90:** Breaking ground as the Genesis division's first new model, this redesigned large sedan was Hyundai's Equus in a former life. The 2017 model, which arrives this year, comes with a new 3.3-liter twin-turbo V-6 as a base engine and a 5.0-liter V-8 as the optional powerplant. An eight-speed automatic transmission and rwd are standard, with all-

the brand's new eight-speed automatic transmission for front-wheel-drive applications.

**Subcompact crossover:** New for 2018 (and debuting next year), this yet-unnamed crossover replaces the Accent hatchback in the U.S. market and shares a platform with the Accent. The value-priced vehicle will slot below Hyundai's Tucson in its crossover lineup and be a slightly smaller competitor to the likes of Honda's HR-V and Chevy's Trax. Expect a similar powertrain to the Ac-



G90: First new Genesis model

wheel drive offered as an option.

**Midsize crossover:** The Genesis brand has promised two crossover models by 2020. A midsize/largish model with room for up to seven passengers is expected to debut first, likely in 2018 as a 2019 model. Powertrains will likely include a 2.0-liter turbocharged four-cylinder, a twin-turbocharged 3.3-liter V-6 and a plug-in hybrid.

**Compact crossover:** This smaller, five-passenger crossover (think BMW X3 or Mercedes-Benz GLC) will bow after the midsize model, likely in 2019 as a 2020 model. It, too, is expected to offer a 2.0-liter turbocharged four-cylinder and a twin-turbocharged 3.3-liter V-6 and possibly even a plug-in hybrid variant. **AN**

cent, with all-wheel drive coming as an option.

**Tucson:** Redesigned for 2016, this compact crossover now comes with either a 2.0-liter four-cylinder and a six-speed automatic transmission or a 1.6-liter turbocharged four paired with a seven-speed dual-clutch transmission. Now that it carries Hyundai's most advanced powertrain, expect only a light freshening for the 2019 model year.

see HYUNDAI, Page 28



# Buick LaCrosse targets younger buyers

## Brand touts interior refinement, sportier ride

Mike Colias  
mcolias@crain.com

**D**ETROIT — Every car marketer wants to attract younger buyers. But few have more work to do than the marketing team for the 2017 Buick LaCrosse.

Buick says its current LaCrosse customer base has an average age of around 60. Survey data from research firms AutoPacific Inc. and Strategic Vision put the average at around 70. Either way, Buick hopes to persuade some younger people to take a look at its stylish redesigned sedan when the car begins arriving in showrooms this month, with loads of connectivity and a sporty ride for a large sedan.

The stakes aren't as high as they might have been a few years ago, when the LaCrosse routinely was Buick's top-volume nameplate. That distinction now goes to the Encore subcompact crossover, which outsold the big sedan nearly 3-to-1 over the first seven months of the year, an example of how consumers' tastes are gravitating to the versatile, SUV-like body style.

Still, owners of the current-generation LaCrosse, on sale since 2009, "love large sedans. They are committed to that segment," Molly Peck, Buick's marketing director, told reporters last month at a LaCrosse media drive.

Peck said Buick hopes to retain the 350,000 people who now own a current-generation LaCrosse, as well as turn the heads of owners of other large sedans, including the Toyota

Avalon, Chrysler 300, Lexus ES 350 and Lincoln MKS.

Buick is betting on interior refinement and sophistication. Ron Arnesen, GM executive chief engineer, calls the redesigned LaCrosse the "quietest Buick ever." It also features a raised, "floating" console with electronic gear shifter that frees up storage below and massaging seats on the highest trim level. Connectivity features include 4G LTE wireless Internet and Apple CarPlay and Android Auto, which enables features such as Google Maps and hands-free texting.

Arnesen said the LaCrosse was engineered to be more fun to drive than most large sedans. A five-link rear suspension is standard. A high-performance strut front suspension system on higher trims reduces torque steer.

Arnesen, who oversees several of GM's midsize and large sedan programs, believes big-sedan sales will "stabilize" and could even rebound if gasoline prices rise. If the segment stays sluggish, though, rivals could decide to abandon it.

"If they get out," he said, "our plan is to have the best car left." **AN**



### JUST ARRIVED

#### ► 2017 Buick LaCrosse

The redesigned 2017 LaCrosse will continue as Buick's flagship for at least a few more years — perhaps longer, depending on whether GM decides to do a bigger, rear-wheel-drive car for its near-luxury brand.

- **Powertrain:** 3.6-liter V-6, 8-speed automatic transmission, stop-start
- **Technology:** 5-link rear suspension, twin-clutch all-wheel-drive system
- **Safety:** Optional front pedestrian detection and front automatic braking
- **Target:** 50,000 units in 2017 (IHS Automotive estimate)
- **Competitors:** Toyota Avalon, Nissan Maxima, Lincoln MKS
- **Strengths:** Elegant exterior styling, quiet interior
- **Weaknesses:** No choice of smaller engine
- **Bottom Line:** The LaCrosse's svelte styling, refined interior and smooth powertrain make it a significant improvement from the current version. But it will go up against stiff competition in a stagnant segment that is losing customers to crossovers.



	2017 LACROSSE	2016 LACROSSE
Wheelbase	114.4 in.	111.7 in.
Length	197.5 in.	196.9 in.
Width	73.5 in.	73.1 in.
Height	57.5 in.	59.2 in.
Curb weight	3,598 lbs.	3,757 lbs.
Base engine	3.6-liter V-6	3.6-liter V-6
Horsepower	305 @ 6,800 rpm	304 @ 6,800 rpm
Torque, lbs.-ft.	268 @ 5,200 rpm	264 @ 5,300 rpm
EPA mpg	21 city/31 hwy.	18 city/28 hwy.
Base price*	\$32,990	\$31,990

\*Includes shipping



## HYUNDAI

continued from previous page

**Hydrogen fuel cell vehicle:** Hyundai's hydrogen-powered Tucson fuel cell crossover will be replaced by a new stand-alone crossover, likely in 2017 as a 2018 model. Look for styling to echo that of the handsome Intrado concept from the 2014 Geneva auto show. Range and pricing are unknown but are expected to be competitive with Honda's Clarity and Toyota's Mirai (around \$60,000 and with a 300-mile range).

**Santa Fe:** Freshened for 2017, Hyundai's large crossover stands to get redesigned in 2018 as a 2019 model. Hyundai will continue the two-model approach here, with the smaller Santa Fe Sport offering five-passenger seating while the larger Santa Fe is widened to make room for eight. Engine choices will likely be the same (base 2.4-liter inline four or 2.0-liter turbo in the Sport, 3.3-liter V-6 in the Santa Fe), but Hyundai is expected to add a new eight-speed automatic transmission to the mix. **AN**



## KIA

continued from previous page

gine and an electric motor for a total of 146 hp. Kia estimates the car's combined mpg will be around 50 mpg. Kia will then add a plug-in hybrid model to the lineup — as early as the 2018 model year — that's also based on Hyundai's Ioniq. Finally, there's a good chance that an all-electric Niro bows for the 2019 model year and replaces the Soul EV as Kia's battery-powered model.

**Sedona:** Kia's minivan entry will spend the next few years nipping at the heels of the new Chrysler Pacifica that's on sale now and the redesigned Honda Odyssey expected by the end of the year. Despite the stiff competition, only small changes are expected for the 2018 model year, at which point the Sedona will likely ditch its six-speed automatic for Hyundai-Kia's new eight-speed gearbox. A redesign isn't expected until 2022.

**Subcompact crossover:** Like Hyundai, Kia is said to be serious about offering a subcompact crossover, given that the Sportage has grown in both size and price over the years. Recent global media reports indicate Kia's unnamed crossover could be unveiled as early as this fall or winter and go on sale as early as the 2018 model year. The crossover would likely share a platform with Hyundai's unnamed new subcompact crossover and it would rival sporty, city-oriented crossovers like the Nissan Juke and Toyota's forthcoming C-HR. The styling is expected to echo that of the Provo concept from the 2013 Geneva Motor Show.

**Sportage:** Kia's compact crossover was redesigned for the 2017 model year. The base LX and EX models use a 2.4-liter, direct-injected four-cylinder engine, while the SX uses a 2.0-liter turbo. A refresh will likely happen in 2020 and by that point Hyundai-Kia's eight-speed automatic transmission will likely have

been added.

**Sorento:** Kia's larger crossover is due for a re-engineering in 2018 as a 2019 model. Look for it to get Hyundai-Kia's eight-speed automatic transmission for greater fuel economy.

**Large crossover:** Kia's eye-catching Telluride concept at the 2016 Detroit auto show indicated the company is serious about a large crossover aimed at the likes of the Ford Explorer, Nissan Pathfinder and Dodge Durango. The pieces already exist: It's built on the Sorento's platform, and it could use a variety of engines in Hyundai-Kia's current portfolio: 3.8-liter V-6, 3.3-liter twin-turbo V-6 and 5.0-liter V-8. Adding the Telluride would keep crossover buyers looking for true three-row space from defecting elsewhere. Plus, profits are strong in this hotly contested segment, and consumers are gobbling them up. The production version of the Telluride likely would land in 2019. **AN**

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\*See page 45 of our franchise disclosure document (item 19-financial performance representation), Byrider Franchising LLC, 12802 Hamilton Crossing Blvd, Carmel IN 46032: top 25% corporate locations (6 year average) 2015 financial performance. New York disclaimer: this advertisement is not an offering. An offering can only be made by a prospectus filed first with the Department of Law of the state of New York. Such filing does not constitute approval by the Department of Law. \*\*2015 NADA guide (www.nada.org).



# Bosch wants to be a player in market for connected cars

**R**obert Bosch predicts that half of all new cars sold in Europe will have some level of connectivity by 2020. The world's biggest supplier expects to have a substantial share of this business.

Bosch's board member for this sector, Dirk Hoheisel, 58, explained why in an interview with *Automotive News Europe* Correspondent Andrea Fiorello.

**Q: What is the connected car sector's potential value to the auto industry? One study estimates it at more than 115 billion euros [\$128.7 billion] by 2020.**

**A:** These are estimates and I don't know what is included in these numbers. Is it the software business, the service business and maybe hardware as well? Regardless, Bosch is prepared. Our aim is to reach a significant market share in the field of connectivity.

**How much of Bosch's revenue comes from connected cars and technology that helps vehicles drive themselves?**

In the field of advanced driver assistance systems — by this we mean our business for radar, video and ultrasonic sensors, as well as driver assistance systems — our sales will exceed [\$1.12 billion] this year.

**How is the move to connected cars changing the industry?**

We assume that the share of new vehicles in Europe equipped with either smartphone integration or communication boxes will rise to 50 percent by the end of the decade from 15 percent now.

**What is Bosch's contribution?**

Bosch provides communication boxes, the so-called connectivity control units that are integrated in cars. CCUs enable eCall, an emergency call function that is mandatory in the EU for all new type approvals for cars and light trucks up to 3.5 metric tons. In addition, we provide the sensors and the soft-

ware to collect and evaluate data.

We also derive valuable services and solutions from the information we get, for example, for our community-based parking.

**What needs to be done to prevent cars from being hacked?**

We must ensure that the high standard of security in the automotive electronics is maintained. Using dual architectures, we will create a strict separation between functions that are relevant for driving, such as driver assistance, and ones that are not, such as infotainment.

In the future, a hardware security module will also safeguard the communication in each control unit. There must be more than just one level of encryption.

**When will we see fully autonomous technology in cars?**

We believe that the technology will be used for parking first because parking takes place in defined environments at low speeds. Also, the acceptance of these solutions among drivers is high, because nobody likes parking. Automated valet parking is the name of the Bosch solution, which not only relieves drivers of having to search for a parking place, it also enables the vehicle to park itself. We believe this functionality will be ready in 2018.

The next step for automated driving will be for driving on freeways. We could see highly automated cars driving themselves on the freeway starting in 2020. We expect to see fully automated driving under all circumstances, including urban situations, on the road well after 2025.

**Are Google and Apple viewed as friends or enemies?**

Google's autonomous cars sparked a big technology push in the industry and led to lots of attention for this topic. Google is a Bosch customer. We're supplying Google with major components for the electric powertrain system including the electric motor and power electronics, as well as long-range radar sensors and the electric steering systems. **AN**



**DIRK HOHEISEL**



## 40 with Honda

**Ron Nott**, left, dealer principal of Allan Nott Honda-Toyota in Lima, Ohio, receives a 40-year award from Gary Russo, American Honda Motor Co. zone manager.



## 30 with Mercedes

**Paul Padgett**, left, and **Mike Schmitz**, owners of Mercedes-Benz of Dothan in Dothan, Ala., received a 30-year award from Mercedes-Benz USA.

## Dealer anniversary awards

### Submissions

We invite news items and top-quality photographs. Photos for 25-45 years should have only two people posed shoulder to shoulder. Photos for 50 or more years should have no more than six people.

Please tell us names (left to right), titles, dealership name and city, franchise(s) held and franchise for which award is given.

You may email a photo in jpg format and at high resolution (300 dpi) to [autonews@crain.com](mailto:autonews@crain.com).

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# DEALERS



## 75 with Ford

Members of the Stoudt family receive an award for 75 years with Ford at R.M. Stoudt Inc. (Ford-Lincoln-Chrysler-Ram-Dodge-Jeep) in Jamestown, N.D. Pictured, from left, are **Calli Stoudt**; her husband, **Kelly Stoudt**, used-vehicle sales manager; **Kerri Adams**, Ford Motor Co.'s Twin Cities regional manager; **Casey Stoudt**, dealer principal; his wife, **Sue Stoudt**; and **Casey J. Stoudt**, general manager at Stoudt-Ross Ford in Valley City, N.D.



## Chicago dealers elect officers

The Chicago Automobile Trade Association announced 2016-17 officers. Pictured, from left, are **Tony Guido** of Arlington Heights Ford in Arlington Heights, treasurer; **Ray Scarpelli Jr.** of Raymond Chevrolet and Raymond Kia in Antioch, vice chairman; **Mike McGrath Jr.** of McGrath Lexus in Chicago, chairman of the 2017 Chicago Auto Show; **John Hennessy** of River View Ford in Oswego, chairman; **Bill Haggerty** of Haggerty Buick-GMC in Villa Park and Haggerty Ford in West Chicago, secretary; and **Dave Sloan**, the association's president.



## 25 with Toyota

**Michael Rendine**, right, vice president of Crystal Toyota in Green Brook, N.J., receives a 25-year award from Chris Schultz, general manager of Toyota Motor Sales U.S.A.'s New York region.



## 25 with Volkswagen

**Steve Bierwirth**, right, president of Bob Boast Volkswagen in Bradenton, Fla., receives a 25-year award from Bob Kim, director of Volkswagen of America's Southeast region.

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- **JT Gandolfo**  
 Dealer Principal  
 JT's Automotive Group and  
 J.D. Byrider franchisee





## PICKUP LINE



A new ad campaign from Enterprise spotlights its used-car sales and CarShare short-term rental businesses as the rental agency seeks to reposition itself as a “mobility” company — and faces a glut in the used-car market.

## METRIC

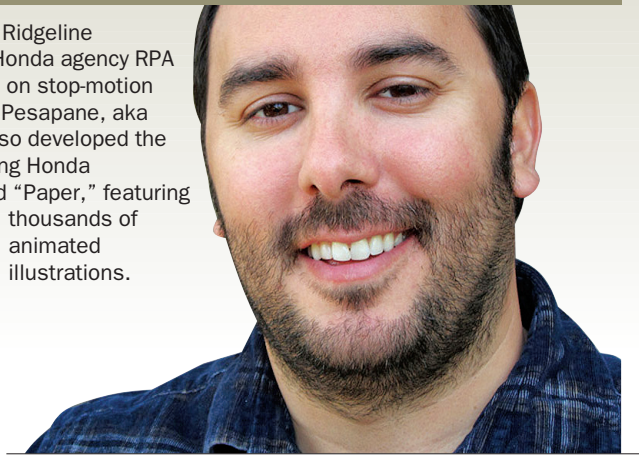
**\$95.3 million**

General Motors' spending on marketing through Hispanic media last year — including print, broadcast, cable TV and websites — highest among automakers. Nissan was No. 2 at \$85.6 million, followed by Toyota at \$71.9 million.

Source: Advertising Age/Kantar Media

## DISPENSED BY PES

For the new Ridgeline campaign, Honda agency RPA again called on stop-motion artist Adam Pesapane, aka PES, who also developed the award-winning Honda corporate ad “Paper,” featuring thousands of animated illustrations.



# marketing

AUTOMOTIVE ADVERTISING | BRANDING | DIGITAL STRATEGY



The adjustable Blackbird can change digital skin and pose as practically any car for commercials.

## This car is not for sale. It's for selling cars

Advertising vehicle turns into any car you want

Vince Bond Jr.  
vbond@crain.com

The pristine paint jobs consumers see in future car commercials could actually be the digitized skin of a virtual chameleon.

That's because of an innovative vehicle called the Blackbird, a fully adjustable rig that can take the form of practically any car through computer-generated imagery and save automakers and their ad agencies precious time and money on shooting running footage.

The idea is for ad teams to roll out the Blackbird, shoot it driving down a picturesque high-

**“They're not trying to trick or fool anybody. They're trying to present the car as it really appears.”**

Steve Wright  
Visual-effects expert

way *one* time, then add a layer of digital skin to it in the studio to match the car's real-life looks, whatever they might be. And when that sedan gets a slight design update, like a new grille or taillight trim, the same footage can be tweaked through CGI.

Conceived by London-based visual-effects studio The Mill, the Blackbird was developed over two years and built by fabrication company J.E.M. F/X in a hangar where the Blackbird SR-71 supersonic reconnaissance jet was once assembled. The Blackbird name, The Mill says, is a “nod to this legacy of stealth design.”

But just how much sneakiness can automakers get away with?

Unless an ad calls for an outrageous, Hollywood-level stunt in which CGI is unavoidable, shouldn't consumers have a right to see the real metal in commercials?

Ideally, yes, but budget constraints can make

see **BLACKBIRD**, next page



NBA star and U.S. Olympian Paul George hit the beach with Jeep. George is featured in the brand's summer ad push.

## GETTING INTO THE RINGS

Auto brands show their mettle as Summer Olympics begin

Vince Bond Jr.  
vbond@crain.com

**C**HICAGO — Before he could pack up for Brazil to represent the U.S. basketball team in the 2016 Summer Olympics, NBA star Paul George had to complete a swimming event off the coast of Miami.

It wasn't a competition but a commercial shoot for Jeep, partner of USA Basketball, the sanctioning body in charge of selecting and training the U.S. team for international tournaments.

“Being from Southern California, I'm familiar with the ocean and the beach, but I'm not a person that likes to get in the water,” said George, who is featured in two 30-second TV spots for Jeep along with a series of digital-video vignettes with his mother and friends. “That was actually my first time swimming in the ocean, so there were some barriers that had to be broken. But it made for a great shoot.”

The commercials help Jeep break some barriers, too. While Jeep is not a sponsor of the Rio de Janeiro games, the USA Basketball partnership has allowed the brand to align with some of the sport's most high-profile athletes in the months leading up to the Olympics.

This is Jeep's third



Serena Williams is the centerpiece of Mini's second Olympics-driven ad blitz.

such summer ad push. George, a forward for the Indiana Pacers, joins Cleveland Cavaliers point guard Kyrie Irving (2014) and Los Angeles Clippers floor general Chris Paul (2012) among Jeep's basketball pitchmen.

Jeep isn't the only auto brand trying to latch on to the Olympic hype.

BMW and Mini have

launched spots that are getting the added bonus of running during Olympic broadcasts with usage rights to Olympic & Paralympic emblems — a perk of the BMW Group's sponsorship of the 2016 Games.

Toyota, for its part, announced in 2015 that it will be a top-tier Olympic sponsor — the first automaker to have that status — in a deal that runs through 2024. But Toyota's Olympic activities this year will be limited to Japan before a global kickoff in 2017.

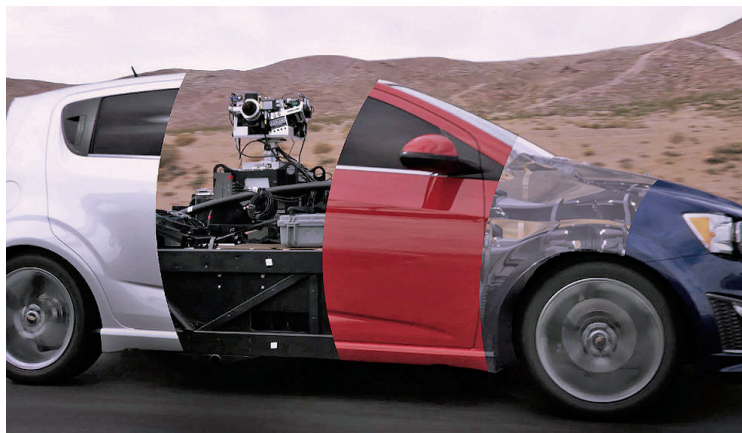
For now, as a sponsor of the Japanese Olympic Committee, Toyota will get a taste of the Olympics on a smaller scale, running TV advertisements in the country while collaborating with Japanese sports

see **OLYMPICS**, next page



BMW built a racing wheelchair for the Paralympic Games.





Through computer-generated imagery, the Blackbird can portray a number of vehicles — or portions of those vehicles — as it rolls down the road.

## BLACKBIRD

continued from previous page

CGI an appealing option for agencies, says Scott Rodgers, co-founder of ad shop Tier10, which does regional work for several dealer groups such as the Northern Ohio Honda Dealers Association and the New York Acura Dealers Association.

Tier10 says it resorts to computerized cars only when it needs to place vehicles in graphical environments that the agency created.

"As technology evolves, you can pull this off, and people don't know. Is it a morality question? I don't know," Rodgers told *Automotive News*, adding: "I want to say you should always use what you sell, but at the same time, the car itself starts in a virtual world [during design] anyway. To put it back into the virtual world, it's all the same to me."

### Costs add up

The Mill — which has worked on campaigns for Audi, Dodge and Lincoln, among others — calls the Blackbird "a tool to solve real problems" for automotive advertisers, chief among them the cost and difficulty of keeping advertising as fresh and appealing as the products they build.

Costs can add up quickly for a shoot, especially when it comes to shipping vehicles, which can run as high as \$3,000, not including expenses such as on-hand detailing crews to keep the cars clean.

The Mill said it designed the Blackbird so that its chassis length and

width can be adjusted with the touch of a button. The rig's camera system also captures its surroundings to generate accurate reflections.

The company is considering an off-road version as well, but with the current rig, "we stick to standard running footage on regular road surfaces," a London-based spokeswoman for The Mill wrote in an email to *Automotive News*.

The Blackbird is grounded in realistic physics that makes for authentic vehicle depictions, said Steve Wright, a visual-effects expert who worked on such films as *Ali*, *Batman & Robin* and *Air Force One*.

"They're not trying to trick or fool anybody," Wright told *Automotive News*. "They're trying to present the car as it really appears."

Wright said auto advertising continues to become more Hollywood in its approach by using special effects that let creatives push the limits of their imagination.

"You're trying to show your product in the sexiest way possible," Wright said. "Trying to do it with live action can be not only difficult and expensive but impossible."

But some marketing experts see risks in the technology, such as the temptation among advertisers to show cars doing things they aren't capable of doing — cornering or off-road maneuvers, for example — even if it's only in jest.

"The question mark for me is when, perhaps, the consumer sees the car performing in ways it really can't, and it's not clear that it's not

see **BLACKBIRD**, Page 32

## OLYMPICS

continued from previous page

magazine *Number* to introduce Japanese Paralympics and Paralympians.

"We hope to apply any lessons learned in 2016 to the global campaign," a Toyota spokesman wrote in an email to *Automotive News*. "Toyota will also have several team members on the ground in Rio and during the Paralympic Games — observing, learning and meeting with members of the worldwide Olympic family."

### BMW assist

BMW's relationship with the Olympics goes far beyond advertising. The brand has developed technologies to help propel some Team USA athletes to gold.

BMW, a sponsor of USA Swimming and official mobility partner of the U.S. Olympic Committee, developed a motion-tracking system for swimmers that aids them in improving their strokes, a spokesman said. The tool generates real-time data that the swimmers can use to maximize their performance.

"Until now, swimmers have had to depend on the coach's eye to help make adjustments," a spokesman wrote in an email to *Automotive News*.

BMW is lending a hand to another partner, the Paralympic track-and-field team. The company said it used its automotive prowess to design and build a racing wheelchair that features "aerodynamic efficiencies" and a "carbon fiber material." BMW designers collaborated with the team's athletes and coaches on the project.

Four-time Paralympian Josh George takes the wheelchair for a spin in a new BMW spot airing during the 2016 Games, called "Built For Gold." The wheelchair will make its competitive debut in Rio during the Paralympics in September.

"Our collaboration in creating the BMW racing wheelchair has afforded us a unique opportunity to become a part of their story, and to share that story with our customers," Trudy Hardy, vice president of marketing for BMW of North America, wrote in an emailed statement to *Automotive News*.

### Mini fights labels

Mini is confronting labels again during the 2016 games in a campaign featuring current and former Olympians.

Tennis star Serena Williams, who led a star-studded cast in Mini's "Defy Labels" Super Bowl spot, is again headlining the next stage of the promotion.

Williams is joined by women's boxing gold medalist Claressa Shields, beach volleyball player Jake Gibb, rugby player Carlin Isles, weightlifter Morghan King, swimmer Cullen Jones, fencer Ibtihaj Muhammad and boxer Carlos Balderas.

This is Mini's second Olympics-driven ad blitz. During the 2012 games in London, the brand ran its "Win Small" campaign, which told viewers to dream

see **OLYMPICS**, Page 32

## Going for gold

Here's a look at how auto brands have gotten into the Olympic spirit.

### BMW

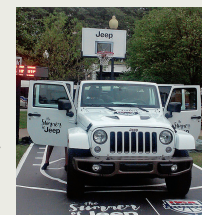
- Official mobility sponsor of the U.S. Olympic Committee, which gives the brand rights to use Olympic and Paralympic emblems in advertising and promotions
- Partner of USA Golf, USA Swimming, USA Track & Field and USA Bobsled & Skeleton (for Winter Olympics)
- Provides vehicles for USA Golf and USOC members
- Designed and built a racing wheelchair made with carbon fiber for Paralympic track and field team
- Developed motion-tracking system to help U.S. swimmers fine-tune their performance
- Launched ad campaign starring Paralympic athlete Josh George; the TV spot was filmed in Champaign, Ill., on a road where Paralympians train.

### Honda

- Was scheduled to kick-start new Ridgeline pickup ad campaign with 60-second TV spot during the opening ceremonies broadcast on Friday, Aug. 5

### Jeep

- Sponsor of USA Basketball since 2012
- Marketing display at the Navy Pier in Chicago that featured Jeep lineup, including a Wrangler tagged with a USA Basketball logo on a makeshift basketball court
- Ran ad campaign this summer featuring NBA All-Star and USA Basketball team member Paul George
- Logo placement at arenas during USA Basketball exhibition game tour before Olympics



### Mini

- Ad campaign featuring current and former Olympians, including tennis star Serena Williams; campaign is composed of 30-second spots that will air during Olympic broadcasts as well as unscripted digital interviews with the athletes.

### Toyota

- Struck deal in 2015 to become top-tier Olympic sponsor, the first automaker to do so; advertising activities are confined to Japan in 2016 until global push begins in 2017.
- TV advertising in Japan
- Collaboration with Japanese sports magazine *Number* to introduce Japanese Paralympics and Paralympians

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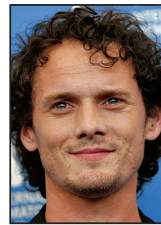
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the week on the web  
08.01.16

**Most-read story:** Ford warning jolts the industry

## > Star Trek actor's family sues FCA

The parents of the late *Star Trek* movie actor Anton Yelchin sued Fiat Chrysler for negligence and product liability over the rollaway crash of a Jeep Grand Cherokee that killed their son.



Yelchin

## > Mitsubishi probe blames 'collective failure' for mileage fraud

An investigation of practices at Mitsubishi found that a corporate culture in which workers couldn't push back against management and infighting between departments contributed to a fuel-economy manipulation scandal that has led to a rescue from Nissan. "It's a collective failure of Mitsubishi Motors as a whole, starting from the management," said one of the investigators appointed by the company.



## > Strong yen cuts into Toyota earnings

Toyota said operating profit in the latest quarter fell 15 percent to ¥642 billion (\$6.33 billion) as a strong yen weighed on earnings. Net income in the three months through June fell 15 percent to \$5.4 billion. Revenue fell 5.7 percent to \$64.9 billion.

From *Automotive News*, Bloomberg and Reuters



## > S. Korea suspends sales of most VW, Audi, Bentley models

South Korea suspended sales of most Volkswagen AG models in a fresh blow to the German automaker as it struggles to overcome the global repercussions of its emissions-test cheating scandal. The government revoked certification for 80 model variants of VW, Audi and Bentley vehicles, and fined Volkswagen 17.8 billion won (\$16.06 million) for allegedly forging documents on emissions or noise-level tests.

## > EPA approves 2017 BMW diesel vehicles

The EPA approved the sale of new 2017 BMW diesel vehicles in the U.S. after a thorough review. BMW had said last month that U.S. product certification of all 2017 BMW diesel models was delayed because of testing logistics.

## on our radar

- **08.08:** Digital Dealer Conference in Las Vegas begins
- **08.09:** NACE | CARS convention in Anaheim, Calif., begins
- **08.10:** Unifor, Detroit 3 exchange contract proposals

## BLACKBIRD

continued from Page 31

true," Lara Koslow, a partner with the Boston Consulting Group, told *Automotive News*. "It's that line of, 'Can I tell that it's just for fun?'"

Koslow, who has done research on the dynamics of marketing to millennials, says younger viewers tend to distrust big companies anyway. Even if they grew up on video games and over-the-top Hollywood effects, she says a CGI-enhanced commercial purporting to be real could backfire with that demographic if the illusion is pierced.

### 'False advertising'?

Indeed, online videos and articles about the Blackbird show a flood of comments from people questioning the ethics of using such a device in spots that are

meant to sell physical products. The "false advertising" theme comes up often.

Keeping the illusion intact isn't easy. When agencies shoot real vehicles over the course of several days, Tier10 says, they'll likely run across unexpected subtleties with lighting, for instance, that they couldn't get through CGI that add to the experience.

Tier10 creative team member Devin Leisher said some viewers might pick up on certain "micromovements" in CGI that take them out of the experience without them realizing it.

Besides, there's beauty in authenticity, says Bill Daddi, president of Daddi Brand Communications, a New York marketing company. "Even in audio, people are moving back to analog and back to vinyl," Daddi told *Automotive News*. "It's not a series of ones and zeros. It's a representation of authenticity, of reality. It's filled with imperfections. Digital, as neat as it is, is going to be a series of ones and zeros." **AN**

## OLYMPICS

continued from Page 31

big no matter what their size.

"It isn't about how people perceive you," Tom Noble, Mini USA's head of marketing, said of the "Defy Labels" campaign. "It's what you do and how you overcome those labels. As part of the BMW Group relationship with the USOC, we were able to access the athletes."

For its USA Basketball promotion, Jeep set up shop at Chicago's Navy Pier attraction in late July to entice the crowds to take a look at the Grand Cherokee, Cherokee, Wrangler and Renegade. A white Wrangler emblazoned with the USA Basketball logo was stationed at a makeshift basketball court where people could take shots from the back of the SUV. At one point, George and retired NBA star Jalen Rose took a few shots.

Jeep has similar displays coming in Atlanta and Denver to continue the "Summer of Jeep" campaign.

Rose, now a commentator for ESPN, was in Chicago with students from the Jalen Rose Leadership Academy, a charter school in Detroit that Jeep has partnered with to provide scholarships and mentorships. Jeep bused the students to Chicago for the Navy Pier event and the U.S. team's exhibition game against Venezuela at the United Center.

Jeep's presence was also felt during the game. During a stoppage in play, a highlight-reel Irving layup was showcased on the big screen in a short segment called the Jeep "Drive of the Game."

"Partnering with USA Basketball gives us the chance to speak to new consumers," Kim Adams House, head of Jeep advertising, told *Automotive News*. "In order to remain relevant in this very competitive marketplace, that's something we have to continue to do to evolve the brand." **AN**



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## MANAGEMENT BRIEFING SEMINARS

## FCA's factory shuffle to test the patience of suppliers

TRAVERSE CITY, Mich. — Here's a fact few suppliers were likely to admit during the Management Briefing Seminars here last week: It can be downright difficult to be a supplier to Fiat Chrysler Automobiles.

### COMMENT

The latest issue with FCA vexing suppliers has to do with the automaker's unprecedented factory and product shuffle as it stops making cars in the United States and flips that capacity over to build more pickups and SUVs.

Here's FCA's plan, in its shortest form: The Dodge Dart will end production in Illinois next month. Production of the midsize Chrysler 200 will end in December in Michigan. FCA wants someone else to build both cars, but we don't know who will do that. Or where. Meanwhile, the factory that

made the Dart (and the Jeep Compass and Patriot, whose replacement will be built in Mexico) will soon make just the Jeep Cherokee,



By **Larry P. Vellequette**, Staff Reporter

which had been made in Toledo, Ohio, but soon won't be. The Cherokee is moving so that the Toledo plant can be retrofitted to make a lot more Jeep Wranglers. Also, the plant that made the Chrysler 200 will soon make half-ton pickups instead, after another big retooling. And the body-on-frame plant where the pickups are made now (just 10 miles south) will get retrofitted to switch to unibody to build luxury Jeep SUVs.

And if this game of musical plants isn't complicated enough for suppliers, FCA has added a bonus kicker: All these conversions have to be done without losing any production of Rams or Jeeps.

For existing suppliers, on the Ram 1500 pickup, for example, that means having to spool up to build parts for the new vehicle while still keeping the line running on the old version.

Or, for suppliers on the Jeep Cherokee, to use another example, that means either moving your plant six hours west or stretching your supply lines over three states.

Really, is it any wonder that FCA never seems to fare well on supplier relationship surveys?

You may email [Larry P. Vellequette](mailto:Larry.P.Vellequette@crain.com) at [lvellequette@crain.com](mailto:lvellequette@crain.com).

# Redi-Go's frugal path to \$3,559

## Price goals set, components designed to meet them

**Richard Truett**  
[rtruett@crain.com](mailto:rtruett@crain.com)

TRAVERSE CITY, Mich. — It has tiny 13-inch tires. Power comes from a motorcycle-type 799cc three-cylinder engine. There's just one airbag, a woven gray mat instead of carpet and an unremarkable gray plastic interior.

But suppliers, engineers and other auto executives at the Center for Automotive Research's Management Briefing Seminars here kicked its tires all week. It's the Datsun Redi-Go, a subcompact five-door hatchback slightly larger than Daimler's Smart car that Nissan Motor Co. launched in India in June.

U.S. industry thought-leaders in Traverse City got a rare chance to see close-up just what goes into the ultra-inexpensive vehicles that are developed for emerging markets. The answer? A lot less than what goes into a North American vehicle but still enough to produce a decent entry-level car.

The Redi-Go is priced in India between \$3,559 and \$4,214. As first planned by Nissan, engineers had trouble designing the car below a \$7,000 sale price. The automaker called in Hinduja Tech, a corporate affiliate of U.K.-based Ashok Leyland.

Nissan essentially handed over the project to the engineering group, which employs a number of people who previously worked on Tata Motor's ultralow-priced Nano in India.

Through a process it calls frugal engineering, Hinduja developed parts, including engine, seats and cockpit, by starting with the price target, says Faiz Ahmad, Hinduja's senior vice president and global business chief.

Ahmad said that vehicle projects for India often begin by taking existing Western components and trying to reduce their price. By approaching it the other way around, components were designed at a minimum level of func-



The Datsun Redi-Go hatchback

## VW outlines plans for 3 EV platforms

**Richard Truett**  
[rtruett@crain.com](mailto:rtruett@crain.com)

TRAVERSE CITY, Mich. — As Volkswagen works toward resolving its diesel emissions scandal, it is mobilizing "Strategy 2025," which includes as many as three dedicated platforms for electric vehicles, more utility vehicles and several new budget vehicles.

That path was laid out last week during the Center for Automotive Research's Management Briefing Seminars here by Matthias Erb, VW Group of America's chief engineering officer for North America.

Those three EV platforms would spawn as many as 30 electric vehicles for the brands in the Volkswagen group. Each platform, or toolkit as VW officials call them, would be modular and have a flexible chassis that would have different sized wheelbases and tracks to suit individual brands, Erb said.

One such platform, called MEB [Modular Electric Toolkit] yielded a concept vehicle called BUDD-e, an electric van loaded with advanced



Volkswagen's Matthias Erb with the BUDD-e electric van

electronics that debuted in January at the Consumer Electronics Show in Las Vegas. VW brought the van here and Erb demonstrated some of its features during his presentation.

The van's floor is flat and contains a lithium ion battery pack that can provide a driving range of up to 233 miles on a single charge. It has electric motors in the front and rear. Erb said the battery pack can be 80 percent charged in 30 minutes.

He said VW's EVs will be built around the battery pack.

Acknowledging VW's tough 11 months since the

diezel emissions scandal broke, Erb said VW has to transform its business but not lose its heritage.

"It is not so easy to change an organization. It's an ongoing process," he said. "You can't switch from one day to another because you think it would be more interesting to work like a startup."

VW recently agreed to a broad legal settlement with U.S. regulators and German parent Volkswagen AG has set aside nearly \$20 billion for total scandal-related costs. It still faces criminal investigations, dozens of lawsuits, more buybacks and other regulatory hurdles. **AN**

## Conti smart map due in '18 or '19

**David Sedgwick**  
[dsedgwick@crain.com](mailto:dsedgwick@crain.com)

TRAVERSE CITY, Mich. — So-called smart navigation maps that pinpoint road obstacles and monitor traffic signals are poised to hit the market.

Continental AG plans to introduce eHorizon — a dynamic map that helps motorists save fuel and avoid road hazards — in 2018 or 2019, said Mehmed Muharemovic, a Continental software engineer.

The key to the new map is that it will be dynamic — it will display changing road conditions based on data transmitted by other vehicles to the cloud. Continental's system would rely on data transmitted via cellphone networks.

During the Center for Automotive Research's Management Briefing Seminars here, Muharemovic demonstrated Continental's dynamic map in a retrofitted Cadillac CT6.

According to Muharemovic, eHorizon maps would not need direct data transmissions among cars, which in turn would require transponders and a bandwidth reserved for vehicle-to-vehicle transmissions.

Motorists already can monitor traffic conditions via smartphone apps such as Waze. Continental's map would be more precise. If a road hazard is spotted, the system could flash a warning light when the vehicle draws within a certain distance.

In 2013, Continental formed a partnership with IBM and Cisco to develop high-precision dynamic maps. Here, a mapmaker in Chicago, subsequently joined the partnership.

In the long run, dynamic maps will alert self-driving vehicles to road hazards that have not yet been spotted by the vehicle's sensors. In the short run, Conti will market the maps as a useful safety feature for motorists.



Continental demonstrated its eHorizon navigation map in a retrofitted Cadillac CT6.

Conti beta-tested a static version of its map by outfitting a fleet of commercial trucks in Europe. The maps told drivers which gears to use to save fuel, based on an analysis of changing road grades.

Muharemovic did not indicate whether the first dynamic navigation maps will debut in commercial trucks or light vehicles. **AN**



## GENESIS

### Stakes are high for entire auto group

continued from Page 4

"One of the biggest tasks we had at the beginning was defining really who we are," says Fitzgerald, who took charge as Genesis global brand chief in January. "Defining the DNA of this brand was very crucial."

#### Audaciously Korean

That DNA, he says, centers around three traits: being progressive, being distinctly Korean and, fittingly for an upstart, targeting brands with a century of heritage, being audacious.

"Audacious. That's definitely one of the character traits you can feel here on every level of the company," Fitzgerald said in a July 6 interview outside the Hyundai Motor Group's global r&d center just south of Seoul. "For us, first and foremost is really getting our foot down in the right way as being recognized as a true competitor."

Getting Genesis noticed is a key reason Fitzgerald, 52, and Donckerwolke, 51, were poached by Vice Chairman Chung Eui-sun, son of Hyundai Motor Group Chairman Chung Mong-koo. As outsiders steeped in the European luxury market, they are charged with infusing that flare into a neophyte brand that dates back only as far as Nov. 5, 2015, when the marque was cleaved from its mass-market stablemate Hyundai.

The stakes are high for the entire auto group as the Genesis gambit tests new ground and sucks up valuable product development, marketing and production resources. By 2020, Genesis will introduce six models, including the G90 and G80 that arrive in the United States in August.

Fitzgerald said the goal "is being recognized as an authentic and relevant global luxury brand. We have some expertise in that field to bring to this."

Fitzgerald and Donckerwolke cut their teeth at the extreme end of the superluxury market, repositioning the uber-expensive, ultrachic Lamborghini brand.

The dapper, circumspect Donckerwolke arrived there in 1998, while the outgoing, focused Fitzgerald joined him the following year.

It wasn't an easy time for Lamborghini. Donckerwolke described turn-of-the-century Lamborghini as "just an r&d department making prototypes and selling them to the clients" without the backbone of its own marketing or design departments.

That's where Fitzgerald and Donckerwolke stepped in, staging a rapid revival, says Karl Brauer, senior director of automotive insights at Kelley Blue Book.

"Lamborghini was sort of a caricature of itself in 1999," he said. "The cars were gaudy, even by Lamborghini standards, and not particularly compelling from a performance or quality standpoint. It took VW's coffers, along with capable managers like Fitzgerald and Donckerwolke, to make Lamborghini great again."

But the two face a tougher task at Genesis, Brauer warned.

"They will have to convince buyers that Hyundai can make a worthy Lexus alternative, which is even harder than fixing a formerly Chrysler-controlled Italian supercar brand," he said. "Hopefully, Hyundai is in it for the long haul, because that's what the company is facing, no matter how good Genesis is. We're talking a 20-plus-year time frame."

Donckerwolke was initially hired to lead design at the Hyundai brand, a position he still holds. But later he was appointed chair of Genesis design as well under a newly established Prestige Design Division. During his long career at the Volkswagen Group, the Belgian stylist oversaw design at Audi, Bentley, Lamborghini, Seat and Skoda.

Fitzgerald, an American, left Lamborghini in 2011 after 12 years at the company and eventually set up his own consulting practice.

Both leaders have weekly meetings

with Vice Chairman Chung Eui-sun, who takes an active interest in Genesis as a kind of personal project.

"He's involved with all the decisions," Fitzgerald said.

#### Design departure

Changing design direction has been one of the biggest decisions.

The decision to switch gears so soon after the brand's launch was a bold departure for a new venture that already had two cars under way, including its top-shelf flagship, the G90.

The G90 and G80 designs were frozen before Fitzgerald and Donckerwolke arrived.

But Fitzgerald and Donckerwolke were given veto power over everything starting with the G70 sedan coming next year, and they already are swiftly shifting course. Aside from the G70, a BMW 3-series rival, Genesis also has a coupe and two crossovers in the pipeline.

"If the design does not resonate with the customer, guess what? He doesn't even have to try the car," Fitzgerald said. "We live in a very visual world. And that matters."

The new looks will cue off the aggressively planted, long-hooded, low-slung New York Concept sedan that won rave reviews at the Big Apple's show in March.

Genesis will benefit from already having a platform that allows dynamic rear-wheel-drive proportions, said Donckerwolke. Key to the look will be:

- Short front overhangs
- Long wheelbase
- Long rear overhang
- A further developed "crest grille"
- A descending "parabolic curve" character line

"We are sporty, yet elegant," Donckerwolke said. "We are not conventional in our architecture. We have no ballast of the past. We are absolutely free to define our identity."

But having no past may also be the upstart's biggest challenge.

Genesis' past is still firmly rooted in Hyundai, a brand that is still seen as a value proposition in the U.S. market, says Jessica Caldwell, senior auto analyst at Edmunds.com. Indeed, Genesis vehicles will be sold alongside Hyundai in U.S. dealerships, at least initially.

"Once the market has identified a company as a value brand, that stigma is hard to shake, and corporate images take a long time to transform," Caldwell said. "This will be a struggle for Hyundai as they try to introduce a luxury sister brand."

#### Not trying, but doing

Fitzgerald and Donckerwolke aim to mold a new Genesis identity through being authentically Korean and through being progressive in styling and technology.

The Korean character will show through a sense of harmony, balance and humility.

"It's not about having a sticker of a Korean flag somewhere," Fitzgerald said.

On the technology front, he said, Genesis will "always be on the outlook for the newest, the latest, the most meaningful technology." That means complements of electric and hybrid drivetrains down the road, and possibly even a hydrogen fuel cell, he said.

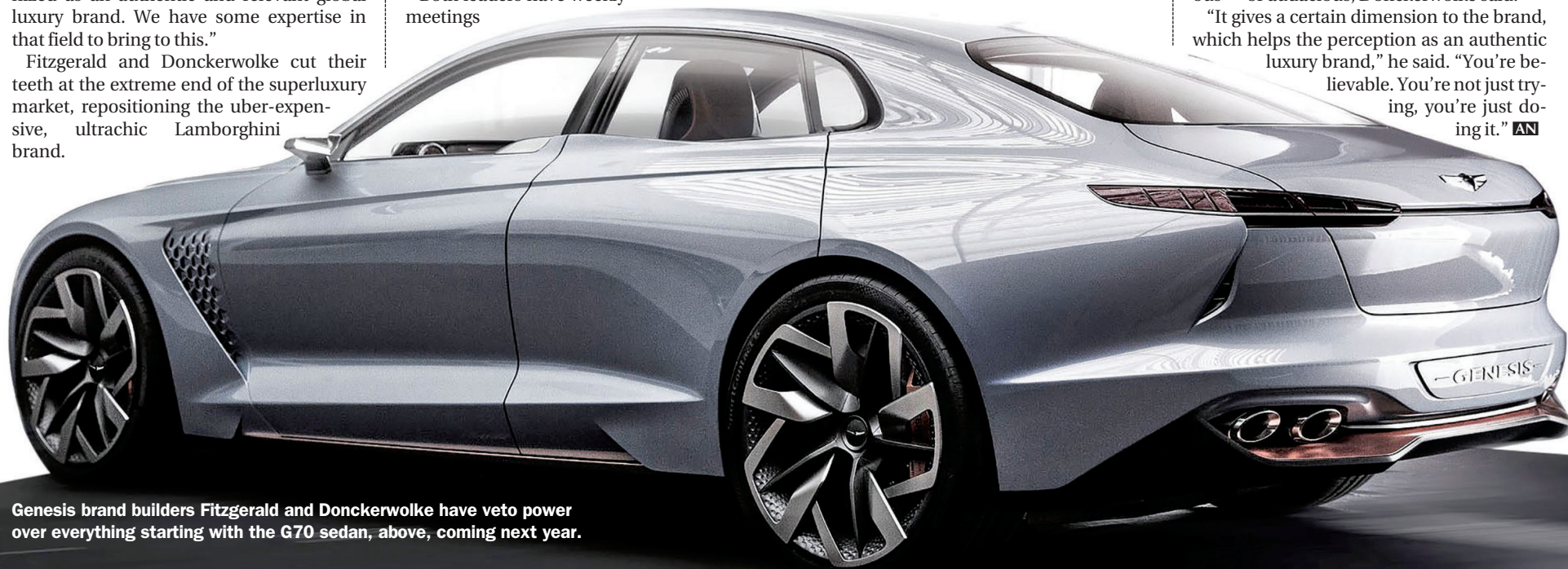
Some kind of eco-drivetrain option is likely by 2020, Fitzgerald said. But because electrification is a must-have across the industry, that will increasingly become a less potent brand differentiator, he added.

In the home market, it seems to be the right formula.

For the first six months of the year, Genesis sold 17,000 units in South Korea, already exceeding the target of 14,000 for the full year.

Genesis' blitz of building a full six-nameplate lineup in just five years should put to rest any doubt that the company isn't serious — or audacious, Donckerwolke said.

"It gives a certain dimension to the brand, which helps the perception as an authentic luxury brand," he said. "You're believable. You're not just trying, you're just doing it." **AN**



Genesis brand builders Fitzgerald and Donckerwolke have veto power over everything starting with the G70 sedan, above, coming next year.

## SAFETY

### 'A war of words' on the horizon?

continued from Page 3

without sending a false message about security or a lack of driver responsibility," said Karl Brauer, senior analyst at Kelley Blue Book.

Case in point: Mercedes-Benz, which pulled an ad for the 2017 E-class sedan under pressure from safety and consumer advocates.

The E class' Drive Pilot system includes advanced adaptive cruise control and automated steering to allow the sedan to follow traffic and

keep its lane at speeds of up to 130 mph for brief intervals.

But invoking Mercedes' self-driving F 015 concept car to pitch the E class — as Mercedes did in its ad — proved to be a bridge too far.

"The E-Class does not meet the definition of either a fully or partially self-driving car, yet it is marketed in a way that a reasonable consumer would believe it does," a group of safety and consumer advocates wrote in a letter to the Federal Trade Commission, adding: "Misrepresentations by Mercedes-Benz could give consumers a false sense of security in the ability of the car to operate autonomously."

Mercedes pulled the ad last month

— and modified a similar print ad — saying it didn't want to sow confusion in the marketplace. But a spokeswoman made clear that autonomous technologies would continue to be a major part of its pitches.

"While the new E class has a host of technology that will serve as the building blocks for increasing levels of autonomy (and which will be a prominent component of our marketing), it is not an autonomous vehicle and we are not positioning it as such," the spokeswoman wrote in an email.

Automakers have struggled before with this balance, Brauer says.

One ad that went too far, he said, aired in 2014 and showed how lane-

departure and forward-collision warnings saved an absent-minded Infiniti Q50 driver from drifting out of his lane and nearly rear-ending a car ahead as he fretted about dinner reservations and work deadlines.

"The Infiniti ad lacked any outside forces that the driver was being saved from," Brauer said. "That's where you're crossing the line."

Scrutiny of automated driving systems and how they're marketed has ramped up since regulators disclosed in June that a Tesla Model S owner died in a crash while using the car's Autopilot suite of driver aids, which includes features still in beta testing.

Just the name Autopilot has raised concerns, given its allusion

to more sophisticated aviation systems. Such brand shorthand is common in the industry to describe complex suites of technology, but it could also lead to misconceptions about the systems' capabilities.

Branding for automated systems such as Mercedes' Drive Pilot and Audi's Traffic Jam Pilot arriving in the redesigned A8 will be a major marketing battleground for luxury automakers, says Jim Sanfilippo, an independent marketing consultant and former executive at ad agencies for Ford and Hyundai.

He said, "In terms of marketing, it's going to be a war of words, and it's going to be a contest for succinctness and clarity." **AN**



# 3 parents' tales: Danger of kids in hot cars

Since 1998, 686 children have died from heatstroke in cars. Some children have gotten trapped after climbing in on their own; others have been left behind by their caregivers. But not every child trapped in a hot car dies. Some are left with serious disabilities, and others manage to be rescued before anything permanent happens.

Here are stories from three parents who left their children behind.

## June 30, 2010 Albuquerque, N.M.

Stephanie Pinon was rushing to a meeting with administrators at her 4-year-old daughter's preschool to discuss her daughter's behavior. She believed her other children, including 2-year-old Jahzel, were with her husband. As soon as they pulled into the parking lot, Pinon said 4-year-old Emma unbuckled and hopped out of the car into a busy parking lot, so the mom jumped out after her, swatted her on the behind and headed into the school.

She said she had no idea Jahzel was even in the car.

Roughly two and a half hours later, she came back out to the car to find Jahzel convulsing in her car seat.

"All I could do is scream, 'Please, someone, please save my baby,'" Pinon said.

Paramedics later said Jahzel's body temperature was 110 degrees. She died at the hospital. A distraught Pinon was



brought to the police department for questioning and was unaware her daughter died until hours later that day.

"The brain is a powerful organ that we carry around all day, but also the most mysterious," said Pinon, who has served one year of a five-year probation sentence. "Parents deserve the time to grieve and to be left alone."

## June 13, 2015 Garland, Texas

Eric Stuyvesant had a morning routine that involved dropping his 3-year-old son Michael off at the sitter, then driving his wife to work, then coming home to start his own work day. But on that day, his wife

needed to get to work early, so he dropped her off first.

And then, as he usually did, he headed straight home and went into the house to make breakfast. An hour and a half later he had a sinking feeling when he realized he never stopped at the sitter.

He pulled Michael out of the car and dashed for the shower, where he tried to cool Michael's unresponsive body and gave the boy mouth-to-mouth until the paramedics arrived.

Michael survived, but spent five weeks in the hospital and rehab, learning to eat and walk again.

"I told the officer responding to the call that if I had to do 40 years in prison in

exchange for saving my boy's life, I would do it," Stuyvesant said. The police department investigated the case before deciding not to press charges.

## July 2, 2015 Ocean Springs, Miss.

Allison Werner and her husband, Matt, were visiting Werner's mom in Ocean Springs with their five children for the July 4 holiday. Werner and her mom were heading to Walmart around 3 p.m. that afternoon, and decided at the last minute to bring along Caleb, Werner's 14-month-old.

Werner and her mom got to chatting, talking about what they were going to make for dinner and things they might need from the store, and Caleb fell asleep.

The women went into Walmart and took their time, lackadaisically wandering around the store.

"At the checkout counter is when I had this awful feeling, and I realized that Caleb was supposed to be with us," Werner said. She dashed out of the store, and in her panic couldn't remember where the car was parked, so she pressed the alarm button on the key fob and followed the sound of the honking horns.

Caleb was fine. A little hot, but fine. A rainstorm had come through while Werner was inside the store, keeping the car cool enough.

"I still am traumatized," Werner said. "Now when it gets hot I get a paranoid feeling; it brings a new level of fear." **AN**

## HEAT

### So far, little done to stop deaths of kids in cars

continued from Page 1

sible rather than seeing the issue as one that could affect anyone.

But as an academic who has studied the way memory works, Patihis said he knows he's just as likely as anyone else to forget his daughter in the car.

"People are much more confident about how accurate their memory is compared to how accurate it actually is," Patihis said. "In this case, I think people might overestimate how their enormous instinct to protect their child would overcome memory lapses."

As of Friday, Aug. 5, 26 children have died from overheating in cars this year, including a set of twins in Georgia on Thursday. That surpasses the number of deaths for all of 2015, which hit 25. Not all children are forgotten — some children climb into vehicles to play or retrieve a favorite toy. And others are left by their caregivers on purpose; people who are unaware or disregard how dangerous hot car interiors can be for small bodies.

#### Complex problem

The problem is complex, with no simple answers. The National Highway Traffic Safety Administration has addressed it with a public education campaign aimed at teaching parents the dangers of hot cars and providing memory tips and tricks. Most aftermarket products aimed at alerting parents of a forgotten child are unreliable, and only General Motors has come up with a reminder technology that could tackle the issue, now on the 2017 GMC Acadia but expected for more models.

But unlike other issues that have involved child entrapment — like the instances of

children trapped in abandoned refrigerators in the 1950s or heatstroke deaths of children trapped in trunks in the 1990s — legislators have been unmotivated to tackle this issue. Caregivers who have dealt with this problem, researchers and safety experts say they believe that's because society places the blame solely on parents.

"Before the accident, I thought it was incredibly bad parenting that led to this," said Eric Stuyvesant, a landscaper from Garland, Texas, who left his 3-year-old son Michael in the back of his car one hot morning in June 2015. "I was a parent-shamer on the Internet for years before realizing it could happen to anybody."

#### Public vitriol

If Internet commenters are any indicator of public opinion, Americans have a harsh view of parents when these kinds of accidents occur. When a child climbs into a car and gets trapped, commenters accuse the parents of not being vigilant enough. If a parent forgets their child in the car, the comments will often skew to calls for criminal charges. Of the 26 deaths this year, nine parents or caregivers

have been charged with a crime, usually neglect or manslaughter.

"The vitriol after something like this happens is amazing; the comments are beyond mean and cruel," said Janette Fennell, founder of KidsAndCars.org, an activist group that has heatstroke as one of its top priorities. "It tends to be a bit of a defense mechanism. If you make monsters out of those people, then it won't happen to you."

But Patihis said memory lapses can happen to anyone. These cases usually happen when there has been some change in the daily routine — one parent is sick and relies on the other parent to take the baby to day-care, or the parent makes an unusual stop or a grandparent is doing the drop-off instead of the regular caregiver. Those kinds of changes mess with our habitual memory,

**"People are much more confident about how accurate their memory is compared to how accurate it actually is."**

Lawrence Patihis  
Memory researcher



General Motors plans to expand its new back seat reminder beyond the 2017 GMC Acadia.

which is ingrained. To remember a change in routine, people need to keep reminding themselves of that change, he said. And once they stop reminding themselves, habitual memory takes over.

And if a baby is asleep in the back or just quiet, it could get unintentionally left behind.

The American public has dealt with child entrapment issues before. In the 1950s, people began disposing of old refrigerators that typically closed with a latch and were impossible to open from the inside. Quickly, local legislators began passing laws that made it illegal to dispose of the appliances with the latch or door attached, and in some places violators faced jail time if found guilty. In 1954 President Dwight Eisenhower signed a law making it illegal to ship fridges across state lines unless they could be opened from the inside. Today, refrigerators are held shut with magnets instead of latches to avoid those problems.

And in the summer of 1998, five children died from heatstroke after being trapped in car trunks. They all had been playing inside the cars. Those cases helped push for a law that forced manufacturers to install handles that can open trunks from the inside.

Also in the late '90s, states began introducing laws making it illegal to drive with young children in the front seat of a car because new front airbags were causing children harm — which may have inadvertently caused heatstroke deaths to rise because they force children to be placed out of sight. In 1998, 35 children died from injuries caused by front-seat airbags, which were designed to lessen the impact of crashes on adult bodies but proved too harsh for children.

Fennell said there is a correlation between the rear-seat rule and heatstroke deaths.

"When you make a significant change in the way children are transported, there is an unintended consequence," she said.

Aditya Belwadi, a research scientist at Children's Hospital of Philadelphia's Center for Injury Research and Prevention, said that public education is helping a bit, but he believes there are technological solutions that could reduce the fatality rate to zero.

"We are definitely making progress, but we have a long way to go," he said.

But beyond its public education campaign "Look Before You Lock," NHTSA is not push-

see **HEAT**, next page



## HEAT

continued from previous page

ing for any new rules related to the issue. Last summer, NHTSA Administrator Mark Rosekind told Reuters that if automakers “develop [systems], and they work, and they’re effective, we don’t need to get into it.”

### Unreliable solutions

In 2012, NHTSA took a look at the aftermarket products aimed at alerting parents when their children were left in car seats and deemed the products unreliable and limited in their effectiveness.

Since then, only one car seat has been praised by *Consumer Reports* for its ability to connect with parents. The Evenflo SensorSafe worked most of the time in most cars tested by *Consumer Reports*. The seat connects with a car’s OBD-II port and when buckled, chimes to alert parents a child is in the seat as soon as the car turns off. *Consumer Reports* said the technology is “promising.”

The GMC Acadia uses a similar alert system, but it’s not connected to a car seat. Instead, the system detects when the back door has been opened at any time during a trip or if it was opened within 10 minutes of the car starting. If either of those things happens, when the car is turned off it chimes five times and a message pops up on the dashboard reminding the driver to check the back seat.

Tricia Morrow, GM’s global safety strategy engineer, said the system was designed to chime when the vehicle is shut off because that’s when the most important car chimes sound off, such as reminders to turn off your headlights or to nudge you into taking your car keys with you. The technology will be rolled out across GM’s brands within the next few years, standard on all cars.

“Nobody thinks they are going to leave their child in a vehicle, so why would we put it on only one or two cars?” she said. “We’re really excited to be part of a solution, at least the first step of the solution.”

### More needed

But more solutions are needed, Fennell said. About 30 percent of all child heatstroke deaths since 1998 have come from children getting trapped inside a car, not being forgotten. Not enough research has been done to determine what exactly is happening in those cases: Are the child locks in the back row keeping kids from getting out?

Do the children get overheated so quickly they get disoriented before trying to escape? Are inside door handles too



GM global safety strategy engineer Tricia Morrow says, “We’re really excited to be part of a solution.”

difficult for them to operate?

Fennell said she’s seen the beginnings of some promising technology that could detect movement inside a car, or sensors that could detect heartbeats or rising internal temperatures.

“When you look at all the other reminders we have in cars, we as consumers have said we’re OK with it,” Fennell said. “What’s more important? Is it the dead battery you get from leaving your headlights on, or is it a child that will die in the car?”

But the thing about human attention spans and memory is that they are finicky things. Patihis cautioned that any chime that sounds too often could become part of people’s habitual memory.

“Once you become habituated to it, you will ignore it,” he said. “Parents would be better off assuming they are going to forget once and doing what they need to do to remind themselves of that every day.” **AN**

## PERSONNEL

**VOLKSWAGEN OF AMERICA** — **Hendrik Muth**, 42, to vice president of product marketing and strategy.

Before joining Volkswagen of America in 2012, Muth led the sales and marketing branch of Volkswagen Consulting, as well as the product marketing and communications department of Volkswagen R/Volkswagen Zubehoer performance and accessories operations. Since 2014, he has been responsible for the Volkswagen brand’s portfolio and pricing.

**ROBERT BOSCH** — **Douglas Arnold** to vice president of independent aftermarket sales for Bosch Automotive Aftermarket Division North America.

Arnold most recently was vice president of traditional sales for Dorman Products Inc.

Bosch Automotive Aftermarket provides diagnostic and repair equipment and spare parts to aftermarket and repair shops.

**TIMKEN CO.** — **Brett Blauner** to national sales manager for automotive aftermarket. Blauner worked at Timken from 1992 to 2008, joining the company as an associate sales engineer in Connecticut and advancing to positions of increasing responsibility. Before returning to Timken, he was director of sales and marketing at Illinois Tool Works.

Timken, of North Canton, Ohio, makes engineered bearings and power transmission parts, including gear drives, belts, chain, couplings and related products.

**AUTOMOTIVE INDUSTRY ACTION GROUP** — **Courtney Harvath** and **Jeffrey Wagner** to the board of directors.

Harvath is senior director of supply chain for Ryder System Inc. Wagner is corporate quality director of powertrain and global quality director of the sealing and gaskets unit for Federal-Mogul Corp.

AIAG, of Southfield, Mich., is a not-for-profit organization in which automakers, suppliers, service providers, government entities and individuals in academia collaborate to drive down supply chain costs and complexity.

**CONTINENTAL AUTOMOTIVE INC.** — **Tim Rogers** was named 2016 CFO of the Year in the large business category by the *Charlotte Business Journal*. Rogers is vice president of finance for Continental Tire the Americas, and vice president and treasurer for Continental Automotive.

An Aug. 3 letter from heads of state dealer associations to Cadillac President Johan de Nysschen sharply criticized Project Pinnacle: **“The CPP creates a two-tier (actually, 6-tier) pricing environment, imposes unreasonable financial and operating requirements on Cadillac dealers, and employs unreasonable formulas and methodologies to assess compliance.”**

**“The CPP is unique in the extent to which it picks winners and losers. ... The winners can make the required investments and prosper. The other dealers face business failure.”**

## PINNACLE

### Cadillac dealers balk at de Nysschen’s retail plan

continued from Page 1

Project Pinnacle has been controversial ever since de Nysschen floated the concept at a national dealer meeting in February, especially among the owners of smaller stores, who could lose their right to stock new Cadillacs under the plan. The opposition from the state associations is the first sign of formal resistance to the plan and could force Cadillac either to make changes or to risk a bruising battle with its dealers.

Florida dealer attorney Richard Sox said in an email that he believes Project Pinnacle violates franchise law “because a dealer in a lower tier cannot practically meet the facility requirements ... to obtain the higher per-car incentive.”

A Cadillac spokesman confirmed that de

Nysschen received the letters and said he was reviewing them and planned to respond. He declined to comment on the issues raised.

Already, concerns among dealers about how they would fare under the new system prodded Cadillac to push back its start date to Jan. 1 from Oct. 1. The letter from the state associations asks de Nysschen to “rethink this entire program.” It was signed by the heads of dealer associations from New Jersey, Connecticut, South Carolina, North Carolina, New Hampshire, Kansas, Wisconsin and metro Cleveland.

While the program is voluntary, it will harm those dealers who don’t sign up because they will be at a pricing disadvantage to the

dealerships that are getting higher margins for hitting their brand standards, the associations say.

Under Project Pinnacle, Cadillac has assigned each dealership to a tier. Tier 1 generally will include high-volume metro stores that will be paid the highest new-car margins in exchange for the most stringent brand standards, such as concierge sales and service pickups. Tier 4 dealers would

get almost no extra margin for meeting their lighter set of brand standards. Dealers can move to a higher tier if they do enough to meet the higher standards, such as employ more salespeople.

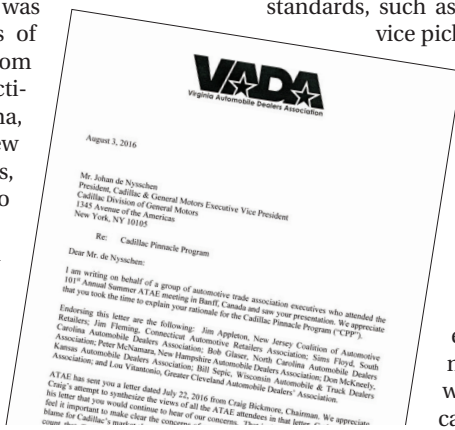
Tier 5 stores, which generally sell fewer than 100 new Cadillacs annually, would agree not to stock cars any longer but could

still sell Cadillacs to customers using a “virtual showroom” approach.

That no-inventory idea also would violate Cadillac’s pact with its dealers, the letter from the state associations asserts, citing language from the agreement that says customers “expect the Dealer to have a reasonable quantity and variety of current model motor vehicles in inventory.”

The groups note that many smaller Cadillac dealers are still stinging from General Motors’ efforts to take away their franchises around the time of the company’s 2009 bankruptcy, making them especially leery of GM’s intentions. The ATAE letter cites a recent survey of Cadillac dealers by the National Automobile Dealers Association that found that 87 percent of those polled believe that Project Pinnacle is aimed at eliminating smaller Cadillac stores.

“There is real apprehension that this program has the look of previous initiatives in GM’s history,” the ATAE letter says, “which left many dealers on the outside.” **AN**





**U.S. light-vehicle sales by nameplate, July & 7 months 2016**

Vehicles are domestic unless noted.

continued on next page

	July 2016	July 2015	7 mos. 2016	7 mos. 2015	July 2016	July 2015	7 mos. 2016	7 mos. 2015	July 2016	July 2015	7 mos. 2016	7 mos. 2015		
<b>ASTON MARTIN car (I)*</b>	<b>86</b>	<b>85</b>	<b>602</b>	<b>595</b>	ATS	2,119	1,588	11,883	14,095	Discovery Sport (I)	1,163	481	8,107	1,380
2 series (I)	1,708	1,028	10,765	6,370	CT6	827	0	2,806	0	LR2 (I)	0	2	3	71
3 series (I)	6,799	7,729	39,775	50,525	CTS	1,313	1,515	9,219	11,204	LR4 (I)	940	693	7,240	5,052
4 series (I)	2,186	3,190	21,462	28,083	ELR	15	66	511	659	Range Rover (I)	1,164	1,000	9,283	10,166
5 series (I)	3,303	2,186	23,578	25,767	XTS	926	1,302	10,713	12,892	Range Rover Evoque (I)	1,036	1,497	5,944	8,143
6 series (I)	523	311	2,398	5,395	<b>Total Cadillac car</b>	<b>5,200</b>	<b>4,471</b>	<b>35,132</b>	<b>38,850</b>	Range Rover Sport (I)	1,772	1,338	12,146	12,511
7 series (I)	1,203	916	6,808	6,139	Escalade	1,703	1,669	12,167	11,579	<b>Total Land Rover truck (I)</b>	<b>6,075</b>	<b>5,011</b>	<b>42,723</b>	<b>37,323</b>
i3 (I)	1,479	935	4,359	5,391	Escalade ESV	1,180	1,261	7,733	7,662	Jaguar Land Rover car	1,789	1,242	10,991	9,078
i8 (I)	166	217	786	950	Escalade EXT	0	0	0	2	Jaguar Land Rover truck	7,684	5,011	46,121	37,323
i4 (I)	124	118	675	1,190	SRX	1,307	6,753	20,381	36,960	<b>JAGUAR LAND ROVER N.A.</b>	<b>9,473</b>	<b>6,253</b>	<b>57,112</b>	<b>46,401</b>
<b>Total BMW car (I)</b>	<b>17,491</b>	<b>16,630</b>	<b>110,606</b>	<b>129,810</b>	XT5	4,951	0	12,159	0	<b>LOTUS car (I)*</b>	<b>14</b>	<b>13</b>	<b>98</b>	<b>91</b>
X1 (I)	2,130	1,189	14,269	7,094	<b>Total Cadillac truck</b>	<b>9,141</b>	<b>9,683</b>	<b>52,440</b>	<b>56,203</b>	Mazda2 (I)	0	10	3	283
X3	2,678	2,340	22,560	15,623	<b>Total Cadillac</b>	<b>14,341</b>	<b>14,154</b>	<b>87,572</b>	<b>95,053</b>	Mazda3 (D)	0	0	0	6
X4	329	407	2,944	3,553	Camaro	5,520	7,469	42,354	50,062	Mazda3 (I)	8,103	9,504	59,484	64,375
X5	2,744	6,011	24,948	35,162	Caprice (I)	58	140	545	943	Total Mazda3	8,103	9,504	59,484	64,381
X6	405	393	3,940	4,351	Corvette	2,159	2,794	16,827	21,101	Mazda6	4,341	4,841	27,804	37,148
<b>Total BMW truck (D/I)</b>	<b>8,286</b>	<b>10,340</b>	<b>68,607</b>	<b>65,783</b>	Cruze	13,723	21,339	100,545	149,277	MX-5 Miata (I)	881	1,130	6,265	3,784
BMW (D)	6,156	9,151	54,338	58,689	Impala	5,045	8,156	61,435	66,227	<b>Total Mazda car (D/I)</b>	<b>13,325</b>	<b>15,485</b>	<b>93,556</b>	<b>105,596</b>
BMW (I)	19,621	17,819	124,875	136,904	Malibu	11,820	16,022	132,145	112,542	CX-3 (I)	1,499	0	11,001	0
<b>Total BMW</b>	<b>25,777</b>	<b>26,970</b>	<b>179,213</b>	<b>195,593</b>	Sonic	4,844	5,102	33,136	42,078	CX-5 (I)	10,831	9,530	62,442	62,873
Mini Cooper S car (I)	3,352	3,988	22,216	25,970	Sonic	4,229	3,287	22,520	22,696	CX-9 (I)	2,243	1,591	5,924	10,848
Mini Countryman truck (I)	1,422	1,203	7,702	9,481	SS (I)	521	321	2,134	1,855	Mazda5 (I)	17	551	346	6,835
<b>Total Mini</b>	<b>4,774</b>	<b>5,191</b>	<b>29,918</b>	<b>35,451</b>	Volt	2,406	1,313	12,214	6,935	<b>Total Mazda truck (I)</b>	<b>14,590</b>	<b>11,672</b>	<b>79,713</b>	<b>80,556</b>
Rolls-Royce car (I)*	102	98	714	686	<b>Total Chevrolet car (D/I)</b>	<b>50,325</b>	<b>65,943</b>	<b>423,764</b>	<b>473,716</b>	Mazda N.A. (D)	0	0	0	6
BMW of N.A. car	20,945	20,716	133,536	156,466	Avalanche	0	0	0	8	Mazda N.A. (I)	27,915	27,157	173,269	186,146
BMW of N.A. truck	9,708	11,543	76,309	75,264	Captiva Sport	0	1	2	54	<b>MAZDA N.A.</b>	<b>27,915</b>	<b>27,157</b>	<b>173,269</b>	<b>186,152</b>
BMW of N.A. (D)	6,156	9,151	54,338	58,689	City Express	297	1,004	5,095	5,288	B class (I)	50	196	360	1,368
BMW of N.A. (I)	24,497	23,108	155,507	173,041	Colorado	9,195	7,209	60,422	48,784	C class (I)	5,989	6,065	41,429	47,234
BMW OF N.A.	30,653	32,259	209,845	231,730	Equinox	21,882	21,609	143,202	167,294	C class (I)	315	319	2,180	2,487
<b>FERRARI N.A. car (I)*†</b>	<b>205</b>	<b>200</b>	<b>1,435</b>	<b>1,400</b>	Express van	4,880	5,323	37,429	32,020	Total C class	6,304	6,384	43,609	49,721
Alfa Romeo 4C car (I)	43	49	338	354	Silverado	54,116	56,380	327,768	332,202	CL (I)	0	0	0	52
200	5,474	9,526	41,676	116,135	Suburban	5,055	4,309	27,970	27,695	CLA (I)	2,284	2,439	15,895	18,542
300	2,369	3,820	33,154	28,730	Tahoe	8,431	8,297	51,652	50,388	CLS (I)	0	0	2,011	2,357
<b>Total Chrysler car</b>	<b>7,843</b>	<b>13,346</b>	<b>74,830</b>	<b>144,865</b>	Traverse	15,173	12,604	69,805	74,034	E class (I)	5,225	6,131	25,672	28,827
Pacifica	7,911	0	18,742	0	Trax	9,466	6,111	38,601	30,926	Total E class/CLS (I)	5,225	6,131	27,683	31,184
Town & Country	3,341	6,561	54,826	46,214	<b>Total Chevrolet truck</b>	<b>128,495</b>	<b>122,847</b>	<b>761,946</b>	<b>768,693</b>	GT (I)	57	89	735	696
<b>Total Chrysler truck</b>	<b>11,252</b>	<b>6,561</b>	<b>73,568</b>	<b>46,214</b>	Chevrolet (D)	174,012	185,042	1,160,511	1,216,915	S class (I)	1,783	1,415	10,276	11,995
<b>Total Chrysler</b>	<b>19,095</b>	<b>19,907</b>	<b>148,398</b>	<b>191,079</b>	Chevrolet (I)	4,808	3,748	25,199	25,494	SL (I)	279	330	2,077	2,531
Avenger	0	90	1,152	1,152	<b>Total Chevrolet</b>	<b>178,820</b>	<b>188,790</b>	<b>1,185,710</b>	<b>1,242,409</b>	SLK (I)	238	324	1,975	2,404
Challenger	5,619	5,241	39,998	42,332	Acadia	7,462	10,671	45,644	59,726	SLS (I)	0	0	1	27
Charger	4,949	5,936	57,852	60,838	Canyon	3,532	2,654	20,894	17,671	<b>Total Mercedes-Benz car (D/I)</b>	<b>16,220</b>	<b>17,308</b>	<b>102,611</b>	<b>118,520</b>
Dart	3,341	5,797	31,602	54,759	Savana van	726	981	12,200	14,920	G class (I)	308	254	2,422	1,962
Viper	49	57	350	419	Sierra	22,428	19,808	128,894	120,658	GL/GLS	2,670	1,755	15,550	14,693
<b>Total Dodge car</b>	<b>13,958</b>	<b>17,121</b>	<b>129,802</b>	<b>159,500</b>	Terrain	9,375	8,813	56,252	63,223	GLA (I)	1,502	2,040	14,317	14,353
Grand Caravan	10,055	7,846	84,140	45,888	Yukon	4,677	3,551	24,705	21,555	GLE/M class	4,412	3,851	29,598	26,811
Durango	5,131	5,270	43,665	36,305	Yukon XL	2,937	2,299	17,135	15,737	GLC/GLK (I)	3,411	2,318	26,802	16,153
Journey	6,376	9,255	54,051	62,008	<b>Total GMC truck</b>	<b>51,137</b>	<b>48,777</b>	<b>305,724</b>	<b>313,490</b>	Metris (I)	365	0	3,038	0
<b>Total Dodge truck</b>	<b>21,562</b>	<b>22,371</b>	<b>181,856</b>	<b>144,201</b>	<b>General Motors car</b>	<b>62,892</b>	<b>77,785</b>	<b>508,269</b>	<b>567,632</b>	Sprinter	2,907	2,163	15,996	15,697
<b>Total Dodge</b>	<b>35,520</b>	<b>39,492</b>	<b>311,658</b>	<b>303,701</b>	<b>General Motors truck</b>	<b>204,366</b>	<b>194,727</b>	<b>1,197,904</b>	<b>1,210,425</b>	<b>Total Mercedes-Benz truck (D/I)</b>	<b>15,575</b>	<b>12,381</b>	<b>107,723</b>	<b>89,669</b>
Cargo van	0	59	21	2,115	<b>General Motors (D)</b>	<b>253,473</b>	<b>261,938</b>	<b>1,629,979</b>	<b>1,715,188</b>	Mercedes-Benz (D)	15,978	13,834	102,573	104,435
ProMaster	3,055	2,167	20,527	14,225	<b>General Motors (I)</b>	<b>13,785</b>	<b>10,574</b>	<b>76,194</b>	<b>62,869</b>	Mercedes-Benz (I)	15,817	15,855	107,761	103,754
ProMaster City (I)	1,187	636	10,897	3,682	<b>GENERAL MOTORS</b>	<b>267,258</b>	<b>272,512</b>	<b>1,706,173</b>	<b>1,778,057</b>	<b>Total Mercedes-Benz</b>	<b>31,795</b>	<b>29,689</b>	<b>210,334</b>	<b>208,189</b>
Ram pickup	39,827	39,159	270,637	254,902	ILX	1,201	1,613	9,659	10,084	Smart USA ForTwo car (I)	493	441	3,086	4,065
<b>Ram truck (D)</b>	<b>42,882</b>	<b>41,385</b>	<b>291,185</b>	<b>271,242</b>	NSX	21	0	23	0	<b>Mercedes-Benz USA car (I)</b>	<b>16,713</b>	<b>17,749</b>	<b>105,697</b>	<b>122,585</b>
<b>Ram truck (I)</b>	<b>1,187</b>	<b>636</b>	<b>10,897</b>	<b>3,682</b>	RL/RLX (I)	106	213	833	1,413	Mercedes-Benz USA truck	15,575	12,381	107,723	89,669
<b>Total Ram truck</b>	<b>44,069</b>	<b>42,021</b>	<b>302,082</b>	<b>274,924</b>	TL	0	3	0	84	Mercedes-Benz USA (D)	15,978	13,834	102,573	104,435
<b>Total Dodge/Ram</b>	<b>79,589</b>	<b>81,513</b>	<b>613,740</b>	<b>578,625</b>	TLX	3,124	3,530	22,037	25,702	Mercedes-Benz USA (I)	16,310	16,296	110,847	107,819
500	1,097	1,940	8,857	15,880	TSX (I)	0	2	3	30	<b>MERCEDES-BENZ USA</b>	<b>32,288</b>	<b>30,130</b>	<b>213,420</b>	<b>212,254</b>
Spider (I)	480	0	481	0	<b>Total Acura car (D/I)</b>	<b>4,452</b>	<b>5,361</b>	<b>32,555</b>	<b>37,313</b>	i-MiEV (I)	20	12	40	84
<b>Total Fiat car (D/I)</b>	<b>1,577</b>	<b>1,940</b>	<b>9,338</b>	<b>15,880</b>	MDX	4,902	4,977	29,517	34,397	Lancer (I)	1,093	1,292	9,527	11,914
500L (I)	227	314	2,527	6,020	RDX	4,320	4,577	30,596	30,290	Mirage (I)	1,280	1,553	14,453	15,054
500X (I)	950	942	7,481	1,218	ZDX	0	0	0	2	<b>Total Mitsubishi car (I)</b>	<b>2,393</b>	<b>2,857</b>	<b>24,020</b>	<b>27,052</b>
<b>Total Fiat truck (I)</b>	<b>1,177</b>	<b>1,256</b>	<b>10,008</b>	<b>7,238</b>	<b>Total Acura truck</b>	<b>9,222</b>	<b>9,554</b>	<b>60,113</b>	<b>64,689</b>	Outlander (I)	1,952	1,769	15,428	9,225
Fiat (D)	1,097	1,940	8,857	15,880	Acura (D)	13,568	14,700	91,832	100,559	Outlander Sport (D)	492	3,242	11,436	21,135
Fiat (I)	1,657	1,256	10,489	7,238	Acura (I)	106	215	836	1,443	Outlander Sport (I)	3,053	0	8,940	0
<b>Total Fiat</b>	<b>2,754</b>	<b>3,196</b>	<b>19,346</b>	<b>23,118</b>	<b>Total Acura</b>	<b>13,674</b>	<b>14,915</b>	<b>92</b>						



U.S. light-vehicle sales – continued

	July 2016	July 2015	7 mos. 2016	7 mos. 2015
CT (I)	849	1,374	5,364	8,497
ES (D)	3,980	0	19,491	0
ES (I)	1,517	5,440	13,899	34,481
Total ES	5,497	5,440	33,390	34,481
GS (I)	1,218	1,701	8,670	12,843
IS (I)	3,461	4,280	20,560	27,700
LFA (I)	0	1	6	6
LS (I)	433	631	3,311	4,332
RC (I)	977	1,232	6,269	7,962
<b>Total Lexus car (D/I)</b>	<b>12,435</b>	<b>14,659</b>	<b>77,570</b>	<b>95,821</b>
GX (I)	1,918	2,337	13,068	14,028
LX (I)	326	219	2,903	1,886
NX (I)	4,689	4,337	27,979	24,386
RX (D)	8,122	7,942	54,545	49,980
RX (I)	400	322	3,389	2,563
Total RX	8,522	8,264	57,934	52,543
<b>Total Lexus truck (D/I)</b>	<b>15,455</b>	<b>15,157</b>	<b>101,884</b>	<b>92,843</b>
<b>Lexus (D)</b>	<b>12,102</b>	<b>7,942</b>	<b>74,036</b>	<b>49,980</b>
<b>Lexus (I)</b>	<b>15,788</b>	<b>21,874</b>	<b>105,418</b>	<b>138,684</b>
<b>Total Lexus</b>	<b>27,890</b>	<b>29,816</b>	<b>179,454</b>	<b>188,664</b>
FR-S (I)	682	1,058	4,465	6,806
iA	3,007	0	19,434	0
iM (I)	1,601	0	10,682	0
iQ (I)	0	27	6	449
iC (I)	1,104	1,421	6,890	10,783
xB (I)	29	1,316	2,658	10,008
xD (I)	0	43	8	750
<b>Scion car (D)</b>	<b>3,007</b>	<b>0</b>	<b>19,434</b>	<b>0</b>
<b>Scion car (I)</b>	<b>3,416</b>	<b>3,865</b>	<b>24,709</b>	<b>28,796</b>
<b>Total Scion car</b>	<b>6,423</b>	<b>3,865</b>	<b>44,143</b>	<b>28,796</b>
Avalon	3,754	5,281	27,068	33,999
Camry (D)	34,122	38,217	233,817	254,133
Camry (I)	0	14	65	118
Total Camry	34,122	38,435	233,882	254,251
Corolla	31,717	30,249	213,910	220,380
Mirai (I)	52	0	270	0
Prius (I)	12,694	17,924	80,099	108,073
Venza	20	2,229	563	15,426
Yaris (I)	794	1,403	7,378	14,091
<b>Total Toyota car (D/I)</b>	<b>83,153</b>	<b>95,521</b>	<b>563,170</b>	<b>646,220</b>
4Runner (I)	9,581	8,383	64,049	54,585
FJ Cruiser (I)	2	3	8	221
Highlander (D)	15,213	12,423	94,964	89,053
Highlander (I)	0	304	2,178	2,062
Total Highlander	15,213	12,727	97,142	91,115
Land Cruiser (I)	287	182	1,960	1,473
RAV4 (D)	16,879	15,694	109,147	114,369
RAV4 (I)	14,992	11,015	88,624	55,915
Total RAV4	31,871	26,709	197,771	170,284
Sequoia	1,025	1,015	7,322	7,107
Sienna	11,734	11,416	79,959	82,797
Tacoma	16,580	17,033	111,615	105,834
Tundra	10,474	10,511	65,440	71,525
<b>Total Toyota truck (D/I)</b>	<b>96,767</b>	<b>87,979</b>	<b>625,266</b>	<b>584,941</b>
<b>Toyota (D)</b>	<b>141,518</b>	<b>144,272</b>	<b>943,805</b>	<b>994,623</b>
<b>Toyota (I)</b>	<b>38,402</b>	<b>39,228</b>	<b>244,631</b>	<b>236,538</b>
<b>Total Toyota</b>	<b>179,920</b>	<b>183,500</b>	<b>1,188,436</b>	<b>1,231,161</b>
Toyota Motor Sales U.S.A. car	102,011	114,045	684,883	770,837
Toyota Motor Sales U.S.A. truck	112,222	103,136	727,150	677,784
Toyota Motor Sales U.S.A. (D)	156,627	152,214	1,037,275	1,044,603
Toyota Motor Sales U.S.A. (I)	57,606	64,967	374,758	404,018
<b>TOYOTA MOTOR SALES U.S.A.</b>	<b>214,233</b>	<b>217,181</b>	<b>1,412,033</b>	<b>1,448,621</b>
A3 (I)	3,038	3,167	19,622	21,072
A4/S4 (I)	2,612	2,218	17,531	15,765
A5/S5 (I)	744	1,105	5,078	7,824
A6/S6 (I)	1,822	1,928	10,150	13,337
A7/S7 (I)	417	749	3,473	4,125
A8/S8 (I)	327	418	2,268	2,935
R8 (I)	88	41	350	404
TT (I)	211	8	1,689	24
<b>Total Audi car (I)</b>	<b>9,259</b>	<b>9,634</b>	<b>60,161</b>	<b>65,486</b>
allroad (I)	131	215	968	1,540
Q3 (I)	1,819	1,166	10,287	7,413
Q5 (I)	4,833	4,700	26,819	26,366
Q7 (I)	2,322	1,939	17,063	10,464
<b>Total Audi truck (I)</b>	<b>9,105</b>	<b>8,020</b>	<b>55,137</b>	<b>45,783</b>
<b>Total Audi (I)</b>	<b>18,364</b>	<b>17,654</b>	<b>115,298</b>	<b>111,269</b>
Bentley car (I)	165	208	793	1,457
Lamborghini car (I)*	86	84	602	588
911 (I)	806	778	5,833	5,850
918 Spyder (I)	0	40	1	175
Boxster (I)	344	253	1,723	1,808
Cayman (I)	388	285	2,371	1,918
Panamera (I)	342	370	2,540	2,862
<b>Total Porsche car (I)</b>	<b>1,880</b>	<b>1,726</b>	<b>12,468</b>	<b>12,613</b>
Cayenne (I)	1,067	1,471	9,058	9,474
Macan (I)	931	1,533	9,060	7,781
<b>Total Porsche truck (I)</b>	<b>1,998</b>	<b>3,004</b>	<b>18,118</b>	<b>17,255</b>
<b>Total Porsche (I)</b>	<b>3,878</b>	<b>4,730</b>	<b>30,586</b>	<b>29,868</b>
Beetle	1,528	2,309	8,301	15,400
CC (I)	193	479	1,874	3,560
Eos (I)	0	246	387	1,592
Golf (D)	1,246	1,890	7,326	13,127
Golf/Golf R/GTI (I)	4,105	4,827	24,347	24,314
Total Golf/Golf R/GTI	5,351	6,717	31,673	37,441
Jetta	11,450	11,562	69,729	78,580
Passat	6,549	6,904	39,362	49,099
<b>Total VW car (D/I)</b>	<b>25,071</b>	<b>28,217</b>	<b>151,326</b>	<b>185,672</b>
Tiguan (I)	3,379	2,407	23,935	16,084
Touareg (I)	308	676	2,511	3,986
<b>Total VW truck (I)</b>	<b>3,687</b>	<b>3,083</b>	<b>26,446</b>	<b>20,070</b>
<b>VW (D)</b>	<b>20,773</b>	<b>22,665</b>	<b>124,718</b>	<b>156,206</b>
<b>VW (I)</b>	<b>7,985</b>	<b>8,635</b>	<b>53,054</b>	<b>49,536</b>
<b>Total VW</b>	<b>28,758</b>	<b>31,300</b>	<b>177,772</b>	<b>205,742</b>
<b>VW Group of America car</b>	<b>36,461</b>	<b>39,869</b>	<b>225,350</b>	<b>265,816</b>
<b>VW Group of America truck</b>	<b>14,790</b>	<b>14,107</b>	<b>99,701</b>	<b>83,108</b>
<b>VW Group of America (D)</b>	<b>20,773</b>	<b>22,665</b>	<b>124,718</b>	<b>156,206</b>
<b>VW Group of America (I)</b>	<b>30,478</b>	<b>31,311</b>	<b>200,333</b>	<b>192,718</b>
<b>VW GROUP OF AMERICA</b>	<b>51,251</b>	<b>53,976</b>	<b>325,051</b>	<b>348,924</b>
60 series (I)	2,629	1,857	11,594	14,171
70 series (I)	632	405	3,141	3,059
80 series (I)	79	35	403	958
90 series (I)	259	0	267	0
<b>Total Volvo car (I)</b>	<b>3,599</b>	<b>2,297</b>	<b>15,405</b>	<b>18,188</b>
XC60 (I)	2,097	2,146	10,928	14,056
XC90 (I)	2,888	1,176	18,905	2,741
<b>Total Volvo truck (I)</b>	<b>4,985</b>	<b>3,322</b>	<b>29,833</b>	<b>16,797</b>
<b>VOLVO CAR USA</b>	<b>8,584</b>	<b>5,619</b>	<b>45,238</b>	<b>34,985</b>
Domestic car	433,243	486,333	3,111,315	3,394,559
Import car	158,848	166,025	1,027,749	1,126,592
<b>Total U.S. car</b>	<b>592,091</b>	<b>652,358</b>	<b>4,139,064</b>	<b>4,521,151</b>
Domestic light truck	742,860	713,962	4,876,943	4,639,096
Import light truck	186,294	147,165	1,140,208	885,987
<b>Total U.S. light truck</b>	<b>929,154</b>	<b>861,127</b>	<b>6,017,151</b>	<b>5,525,083</b>
<b>Total domestic light vehicle</b>	<b>1,176,103</b>	<b>1,200,295</b>	<b>7,988,258</b>	<b>8,033,655</b>
<b>Total import light vehicle</b>	<b>345,142</b>	<b>313,190</b>	<b>2,167,957</b>	<b>2,012,579</b>
<b>TOTAL U.S. LIGHT VEHICLE</b>	<b>1,521,245</b>	<b>1,513,485</b>	<b>10,156,215</b>	<b>10,046,234</b>

\*Estimate  
†Ferrari split off from Fiat Chrysler Automobiles on Jan. 1, 2016.  
Note: (D) = produced in North America; (I) = imported to U.S.  
Source: Automotive News Data Center

SALES  
Transaction prices are still rising

continued from Page 3  
Industry sales rose just 0.5 percent in July. But that was enough to push the seasonally adjusted, annualized selling rate to 17.86 million, the highest since November.

General Motors offered discounts of up to 20 percent on many high-volume nameplates, including the Chevrolet Silverado pickup, in early July. The deals spurred a big influx of traffic at Edwards Chevrolet, which has two showrooms in Birmingham, Ala., pumping up sales more than 30 percent in the first eight days of the month.

“It was a huge spurt at the beginning, and then it was steady the rest of the month,” said Lee Edwards, president of Edwards Chevrolet, which marked its 100th anniversary last week. “In terms of pure pricing, it was probably some of the best deals that they’ve had in our 100 years.”

Edwards said he was searching for a 1- or 2-year-old Chevy Tahoe for his daughter to drive at college, but the deals were so good that he was able to get her a new one for less. He said the market does appear to have reached its peak, but he’s not concerned.

“If we’re not there, we’re getting close,” he said. “After 2009, I will not complain about a market even off 10 percent where we are. A market like this that’s sustained is still a great market. I think we’ve still got at least two or three good years ahead.”

In seven months this year, automakers have sold nearly 10.2 million vehicles, nearly matching the industry’s full-year 2009 tally of 10.4 million. July was the fifth consecutive month in which sales topped 1.5 million units, marking only the third such streak in history, according to the Automotive News Data Center. (The others were in 2000 and 2005.) August, barring a decline of at least 4.9 percent, would be an unprecedented sixth month in a row at that volume.

“We seem to be having this plateau that we’re probably going to be stuck at for a while as opposed to falling off, which isn’t a bad thing when that plateau is above 17 million,” said Karl Brauer, senior director of insights with Kelley Blue Book.

“It’s not that they’re falling, they’re just not growing anymore. There’s still a fair amount of pent-



General Motors offered discounts of up to 20 percent on many high-volume nameplates, including the Chevy Silverado pickup, in early July.

Top 10 vehicles  
July 2016

1. Ford F series	65,657
2. Chevrolet Silverado	54,116
3. Ram pickup	39,827
4. Honda CR-V	36,017
5. Toyota Camry	34,122
6. Nissan Rogue	33,298
7. Honda Civic	32,952
8. Honda Accord	31,946
9. Toyota RAV4	31,871
10. Toyota Corolla	31,717

Source: Automotive News Data Center

Top 10 vehicles  
7 months 2016

1. Ford F series	460,901
2. Chevrolet Silverado	327,768
3. Ram pickup	270,637
4. Toyota Camry	233,882
5. Honda Civic	222,792
6. Toyota Corolla	213,910
7. Honda Accord	201,300
8. Toyota RAV4	197,771
9. Nissan Altima	197,644
10. Honda CR-V	195,092

Source: Automotive News Data Center

Winners and losers  
July 2016

Change in sales from July 2015

Winners

1. Jaguar	173.6%
2. Scion	66.2%
3. Volvo	52.8%
4. Land Rover	21.2%
5. Smart	11.8%

Losers

1. Bentley	-20.7%
2. Porsche	-18.0%
3. Maserati	-15.3%
4. Fiat	-13.8%
5. Alfa Romeo	-12.2%

Source: Automotive News Data Center

Winners and losers  
7 months 2016

Change in sales from 7 months 2015

Winners

1. Jaguar	58.5%
2. Scion	53.3%
3. Volvo	29.3%
4. Land Rover	14.5%
5. Jeep	14.2%

Losers

1. Bentley	-45.6%
2. Smart	-24.1%
3. Chrysler	-22.3%
4. Fiat	-16.3%
5. Mini	-15.6%

Source: Automotive News Data Center

up demand. There are still a lot of people out there who want a new car.”

He added: “In any year where more than 17 million new cars are sold, nobody in the industry is allowed to complain.”

Beyond the record — or near-record — volume, automakers and dealers are enjoying still-rising transaction prices. The average price jumped 3 percent from a year ago to \$34,437, according to KBB data. While several luxury brands fell short of that gain, all four GM brands saw prices rise more than average, as did the Ford, Chrysler, Dodge and Toyota brands.

Even as consumers gravitate toward larger vehicles — light trucks

accounted for 61 percent of July sales, up from 57 percent a year ago — incentives are rising faster for light trucks than for cars this year. Through July, incentives on full-size pickups from Chevy, Ford and Ram were more than \$1,000 higher than in the first seven months of 2015. Yet sales of the Silverado and Ford F-series declined in July, and the Ram posted a gain of just 1.7 percent.

Still, full-size pickups were the second largest segment in July, behind only compact crossovers, whose sales rose 12 percent. Mid-size cars, the U.S. industry’s largest segment in 2015, ranked fourth in July, after being eclipsed by compact cars. **AN**

TESLA  
Patience is a virtue of Tesla investors

continued from Page 3

ter capital expenditures and expects full-year capital spending to accelerate to \$2.25 billion to support the ramp-up for the Model 3 and its goal of producing 500,000 vehicles in 2018.

For this, Tesla will be relying heavily on the \$3.25 billion in cash it says it has on hand — counting \$1.7 billion from a recent secondary offering — though many analysts believe it will need to raise more in the

near future to keep its plans on schedule.

Timing will be crucial, especially if delays cause investors to get impatient and sour on the very idea of an affordable Tesla.

“The bigger question is: How long can Tesla lose money, and how wide can its losses get, before Wall Street cries foul?” said Karl Brauer, senior analyst for Kelley Blue Book.

To be sure, patience has long been a virtue of Tesla investors. Its second-quarter results, which were worse than expected, marked the 13th straight quarter of net losses. Deliveries were behind schedule, and investors heard familiar hints

about non-GAAP profitability by year end. Yet the stock, already having recovered from doubts about the SolarCity deal, barely budged.

Musk has repeatedly targeted July 1, 2017, as the start date for Model 3 production, but much of that depends on external suppliers and internal teams hitting the ambitious timetable he has set.

“I don’t expect us to be at full production on July 1,” Musk said sternly on last week’s call. “But I have to drive all suppliers and internal efforts to that date knowing that some will fall short.”

“And those that fall short will be cut out of the picture.” **AN**



**U.S. car and light-truck sales by make – July 2016 (Ranked by total sales)**

Make	Car 2016	Car 2015	2016 share	2015 share	Percent change	Truck 2016	Truck 2015	2016 share	2015 share	Percent change	Total 2016	Total 2015	2016 share	2015 share	Percent change
Ford	56,573	62,818	9.6	9.6	-9.9%	149,597	149,660	16.1	17.4	0.0%	206,170	212,478	13.6	14.0	-3.0%
Toyota	83,153	95,521	14.0	14.6	-12.9	96,767	87,979	10.4	10.2	10.0	179,920	183,500	11.8	12.1	-2.0
Chevrolet	50,325	65,943	8.5	10.1	-23.7	128,495	122,847	13.8	14.3	4.6	178,820	188,790	11.8	12.5	-5.3
Honda	70,618	71,274	11.9	10.9	-0.9	68,507	60,135	7.4	7.0	13.9	139,125	131,409	9.1	8.7	5.9
Nissan	63,168	68,442	10.7	10.5	-7.7	59,362	51,997	6.4	6.0	14.2	122,530	120,439	8.1	8.0	1.7
Jeep	—	—	—	—	—	79,246	75,459	8.5	8.8	5.0	79,246	75,459	5.2	5.0	5.0
Hyundai	52,939	55,450	8.9	8.5	-4.5	22,064	15,563	2.4	1.8	41.8	75,003	71,013	4.9	4.7	5.6
Kia	36,967	37,598	6.2	5.8	-1.7	23,002	18,713	2.5	2.2	22.9	59,969	56,311	3.9	3.7	6.5
Subaru	14,053	15,268	2.4	2.3	-8.0	38,040	35,249	4.1	4.1	7.9	52,093	50,517	3.4	3.3	3.1
GMC	—	—	—	—	—	51,137	48,777	5.5	5.7	4.8	51,137	48,777	3.4	3.2	4.8
Ram	—	—	—	—	—	44,069	42,021	4.7	4.9	4.9	44,069	42,021	2.9	2.8	4.9
Dodge	13,958	17,121	2.4	2.6	-18.5	21,562	22,371	2.3	2.6	-3.6	35,520	39,492	2.3	2.6	-10.1
Mercedes-Benz	16,220	17,308	2.7	2.7	-6.3	15,575	12,381	1.7	1.4	25.8	31,795	29,689	2.1	2.0	7.1
Volkswagen	25,071	28,217	4.2	4.3	-11.1	3,687	3,083	0.4	0.4	19.6	28,758	31,300	1.9	2.1	-8.1
Mazda	13,325	15,485	2.3	2.4	-13.9	14,590	11,672	1.6	1.4	25.0	27,915	27,157	1.8	1.8	2.8
Lexus	12,435	14,659	2.1	2.2	-15.2	15,455	15,157	1.7	1.8	2.0	27,890	29,816	1.8	2.0	-6.5
BMW	17,491	16,630	3.0	2.5	5.2	8,286	10,340	0.9	1.2	-19.9	25,777	26,970	1.7	1.8	-4.4
Buick	7,367	7,371	1.2	1.1	-0.1	15,593	13,420	1.7	1.6	16.2	22,960	20,791	1.5	1.4	10.4
Chrysler	7,843	13,346	1.3	2.0	-41.2	11,252	6,561	1.2	0.8	71.5	19,095	19,907	1.3	1.3	-4.1
Audi	9,259	9,634	1.6	1.5	-3.9	9,105	8,020	1.0	0.9	13.5	18,364	17,654	1.2	1.2	4.0
Cadillac	5,200	4,471	0.9	0.7	16.3	9,141	9,683	1.0	1.1	-5.6	14,341	14,154	0.9	0.9	1.3
Acura	4,452	5,361	0.8	0.8	-17.0	9,222	9,554	1.0	1.1	-3.5	13,674	14,915	0.9	1.0	-8.3
Infiniti	3,375	5,105	0.6	0.8	-33.9	6,570	5,328	0.7	0.6	23.3	9,945	10,433	0.7	0.7	-4.7
Lincoln	3,281	3,186	0.6	0.5	3.0	5,817	6,350	0.6	0.7	-8.4	9,098	9,536	0.6	0.6	-4.6
Volvo	3,599	2,297	0.6	0.4	56.7	4,985	3,322	0.5	0.4	50.1	8,584	5,619	0.6	0.4	52.8
Mitsubishi	2,393	2,857	0.4	0.4	-16.2	5,497	5,011	0.6	0.6	9.7	7,890	7,868	0.5	0.5	0.3
Scion	6,423	3,865	1.1	0.6	66.2	—	—	—	—	—	6,423	3,865	0.4	0.3	66.2
Land Rover	—	—	—	—	—	6,075	5,011	0.7	0.6	21.2	6,075	5,011	0.4	0.3	21.2
Mini	3,352	3,988	0.6	0.6	-15.9	1,422	1,203	0.2	0.1	18.2	4,774	5,191	0.3	0.3	-8.0
Porsche	1,880	1,726	0.3	0.3	8.9	1,998	3,004	0.2	0.3	-33.5	3,878	4,730	0.3	0.3	-18.0
Jaguar	1,789	1,242	0.3	0.2	44.0	1,609	—	—	—	—	3,398	1,242	0.2	0.1	173.6
Fiat	1,577	1,940	0.3	0.3	-18.7	1,177	1,256	0.1	0.1	-6.3	2,754	3,196	0.2	0.2	-13.8
Tesla*	2,000	2,100	0.3	0.3	-4.8	250	—	—	—	—	2,250	2,100	0.1	0.1	7.1
Maserati	811	957	0.1	0.1	-15.3	—	—	—	—	—	811	957	0.1	0.1	-15.3
Smart	493	441	0.1	0.1	11.8	—	—	—	—	—	493	441	0.0	0.0	11.8
Ferrari†	205	200	0.0	0.0	2.5	—	—	—	—	—	205	200	0.0	0.0	2.5
Bentley	165	208	0.0	0.0	-20.7	—	—	—	—	—	165	208	0.0	0.0	-20.7
Rolls-Royce*	102	98	0.0	0.0	4.1	—	—	—	—	—	102	98	0.0	0.0	4.1
Aston Martin*	86	85	0.0	0.0	1.2	—	—	—	—	—	86	85	0.0	0.0	1.2
Lamborghini*	86	84	0.0	0.0	2.4	—	—	—	—	—	86	84	0.0	0.0	2.4
Alfa Romeo	43	49	0.0	0.0	-12.2	—	—	—	—	—	43	49	0.0	0.0	-12.2
Lotus*	14	13	0.0	0.0	7.7	—	—	—	—	—	14	13	0.0	0.0	7.7
<b>TOTAL</b>	<b>592,091</b>	<b>652,358</b>	<b>100.0</b>	<b>100.0</b>	<b>-9.2%</b>	<b>929,154</b>	<b>861,127</b>	<b>100.0</b>	<b>100.0</b>	<b>7.9%</b>	<b>1,521,245</b>	<b>1,513,485</b>	<b>100.0</b>	<b>100.0</b>	<b>0.5%</b>
<b>Made in North America</b>	<b>433,243</b>	<b>486,333</b>	<b>73.2</b>	<b>74.6</b>	<b>-10.9</b>	<b>742,860</b>	<b>713,962</b>	<b>80.0</b>	<b>82.9</b>	<b>4.0</b>	<b>1,176,103</b>	<b>1,200,295</b>	<b>77.3</b>	<b>79.3</b>	<b>-2.0</b>
<b>Made in Japan</b>	<b>58,881</b>	<b>71,919</b>	<b>9.9</b>	<b>11.0</b>	<b>-18.1</b>	<b>103,166</b>	<b>84,998</b>	<b>11.1</b>	<b>9.9</b>	<b>21.4</b>	<b>162,047</b>	<b>156,917</b>	<b>10.7</b>	<b>10.4</b>	<b>3.3</b>
<b>Made in Europe</b>	<b>55,017</b>	<b>54,447</b>	<b>9.3</b>	<b>8.3</b>	<b>1.0</b>	<b>53,908</b>	<b>42,469</b>	<b>5.8</b>	<b>4.9</b>	<b>26.9</b>	<b>108,925</b>	<b>96,916</b>	<b>7.2</b>	<b>6.4</b>	<b>12.4</b>
<b>Made in Korea</b>	<b>43,091</b>	<b>37,645</b>	<b>7.3</b>	<b>5.8</b>	<b>14.5</b>	<b>27,799</b>	<b>19,698</b>	<b>3.0</b>	<b>2.3</b>	<b>41.1</b>	<b>70,890</b>	<b>57,343</b>	<b>4.7</b>	<b>3.8</b>	<b>23.6</b>
<b>Made in Thailand</b>	<b>1,280</b>	<b>1,553</b>	<b>0.2</b>	<b>0.2</b>	<b>-17.6</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,280</b>	<b>1,553</b>	<b>0.1</b>	<b>0.1</b>	<b>-17.6</b>
<b>Made in Australia</b>	<b>579</b>	<b>461</b>	<b>0.1</b>	<b>0.1</b>	<b>25.6</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>579</b>	<b>461</b>	<b>0.0</b>	<b>0.0</b>	<b>25.6</b>
<b>Made in China</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,421</b>	<b>—</b>	<b>0.2</b>	<b>—</b>	<b>—</b>	<b>1,421</b>	<b>—</b>	<b>0.1</b>	<b>—</b>	<b>—</b>
<b>Total N.A.†</b>	<b>146,547</b>	<b>176,356</b>	<b>24.8</b>	<b>27.0</b>	<b>-16.9</b>	<b>516,159</b>	<b>497,149</b>	<b>55.6</b>	<b>57.7</b>	<b>3.8</b>	<b>662,706</b>	<b>673,505</b>	<b>43.6</b>	<b>44.5</b>	<b>-1.6</b>
<i>Total Detroit 3<sup>2</sup></i>	<i>144,547</i>	<i>174,256</i>	<i>24.4</i>	<i>26.7</i>	<i>-17.0</i>	<i>515,909</i>	<i>497,149</i>	<i>55.5</i>	<i>57.7</i>	<i>3.8</i>	<i>660,456</i>	<i>671,405</i>	<i>43.4</i>	<i>44.4</i>	<i>-1.6</i>
<b>Total Japan<sup>3</sup></b>	<b>273,395</b>	<b>297,837</b>	<b>46.2</b>	<b>45.7</b>	<b>-8.2</b>	<b>314,010</b>	<b>282,082</b>	<b>33.8</b>	<b>32.8</b>	<b>11.3</b>	<b>587,405</b>	<b>579,919</b>	<b>38.6</b>	<b>38.3</b>	<b>1.3</b>
<b>Total Europe<sup>4</sup></b>	<b>82,243</b>	<b>85,117</b>	<b>13.9</b>	<b>13.0</b>	<b>-3.4</b>	<b>53,919</b>	<b>47,620</b>	<b>5.8</b>	<b>5.5</b>	<b>13.2</b>	<b>136,162</b>	<b>132,737</b>	<b>9.0</b>	<b>8.8</b>	<b>2.6</b>
<b>Total Korea<sup>5</sup></b>	<b>89,906</b>	<b>93,048</b>	<b>15.2</b>	<b>14.3</b>	<b>-3.4</b>	<b>45,066</b>	<b>34,276</b>	<b>4.9</b>	<b>4.0</b>	<b>31.5</b>	<b>134,972</b>	<b>127,324</b>	<b>8.9</b>	<b>8.4</b>	<b>6.0</b>
General Motors	62,892	77,785	10.6	11.9	-19.1	204,366	194,727	22.0	22.6	5.0	267,258	272,512	17.6	18.0	-1.9
Ford Motor Co.	59,854	66,004	10.1	10.1	-9.3	155,414	156,010	16.7	18.1	-0.4	215,266	222,014	14.2	14.7	-3.0
Toyota Motor Sales U.S.A.	102,011	114,045	17.2	17.5	-10.6	112,222	103,136	12.1	12.0	8.8	214,233	217,181	14.1	14.3	-1.4
Fiat Chrysler Automobiles†	24,232	33,413	4.1	5.1	-27.5	157,306	147,668	16.9	17.1	6.5	181,538	181,081	11.9	12.0	0.3
American Honda Motor Co.	75,070	76,635	12.7	11.7	-2.0	77,729	69,689	8.4	8.1	11.5	152,799	146,324	10.0	9.7	4.4
Hyundai-Kia Automotive	89,906	93,048	15.2	14.3	-3.4	45,066	34,276	4.9	4.0	31.5	134,972	127,324	8.9	8.4	6.0
Nissan N.A.	66,543	73,547	11.2	11.3	-9.5	65,932	57,325	7.1	6.7	15.0	132,475	130,872	8.7	8.6	1.2
VW Group of America	36,461	39,869	6.2	6.1	-8.5	14,790	14,107	1.6	1.6	4.8	51,251	53,976	3.4	3.6	-5.0
Mercedes-Benz USA	16,713	17,749	2.8	2.7	-5.8	15,575	12,381	1.7	1.4	25.8	32,288	30,130	2.1	2.0	7.2
BMW of N.A.	20,945	20,716	3.5	3.2	1.1	9,708	11,543	1.0	1.3	-15.9	30,653	32,259	2.0	2.1	-5.0
Jaguar Land Rover N.A.	1,789	1,242	0.3	0.2	44.0	7,684	5,011	0.8	0.6	53.3	9,473	6,253	0.6	0.4	51.5

**Middle Eastern consumers are overlooked, dealers are told**

**Arlena Sawyers**  
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MIAMI BEACH, Fla. — Dealers and auto companies without a strategy to court consumers of Middle Eastern descent are missing an opportunity to grow their customer base, said the vice president of diversity and inclusion at IHS Markit.

Marc Bland, during a presentation to dealers at the National Association of Minority Automobile Dealers conference here last month, said consumers of Middle Eastern descent represent a small but fast-growing group of new-vehicle buyers who are often untapped by the auto industry.



**Bland: Money left on table**

“I’m here to talk to you about a new vehicle opportunity that is overlooked often and if you don’t have a person of Middle Eastern descent on your sales staff, you’re leaving money on the table — lots of it,” Bland told dealers.

He said consumers of Middle Eastern descent accounted for nearly 175,000 of the 13.6 million personal new-vehicle registrations in the U.S. last year, according to IHS Markit data. Those 175,000 vehicles represent more than \$5.7 billion, he said.

IHS Markit’s personal registration figures do not include commercial or commercial lease vehicles.

Industrywide personal registrations grew 5 percent last year to 13.6 million and grew 1 percent this year though April to 4.1 million, he said.

Through April, consumers of Middle Eastern descent registered 54,212 new vehicles. That is a 5 percent increase over the same period last year and represents almost \$1.8 billion dollars, Bland said.

IHS Inc., parent of IHS Automotive, and Markit Ltd., a London data and business research company, merged in July to create IHS Markit.

The Middle Eastern community in the U.S. is made up of 19 subcultures that IHS Markit tracks, with consumers of Arab descent accounting for more than half, Bland said. The other six large subcultures he identified are Persian, Pakistani, Turkish, Egyptian, Syrian and Afghani.

IHS Markit data indicate that consumers of Middle Eastern descent are well-heelled, with 55 percent of new-vehicle registrations coming from households with incomes of \$100,000 and higher compared with 40 percent for the industry.

Based on U.S. personal new-vehicle registrations, 7.9 percent of car buyers of Middle Eastern descent are in New York, 7.1 are in percent Los Angeles and 2.8 percent are in Chicago.

Also based on U.S. personal vehicle registrations, Toyota is the top brand among buyers of Middle Eastern descent with a 13.4 percent share, followed by Ford at 11.5 percent and Chevrolet at 11.0 percent. Lexus is the No. 1 luxury vehicle among buyers of Middle Eastern descent, the data show, followed by BMW and Mercedes-Benz. **AN**

**U.S. car and light-truck sales by make – 7 months 2016 (Ranked by total sales)**

Make	Car 2016	Car 2015	2016 share	2015 share	Percent change	Truck 2016	Truck 2015	2016 share
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**Customer Incentives**

Incentives in this table are a summary of retail programs offered. Programs may vary by region and model.

	Cash rebate	Finance rate		Cash rebate	Finance rate		Cash rebate	Finance rate
<b>BMW GROUP</b>								
<i>Expires Aug. 31. In lieu of rebates, cut-rate financing is available.</i>								
<b>2017 models</b>								
BMW 640, 640 Gran Coupe, 650, 650 Gran Coupe, 740, ALPINA B6 Gran Coupe, M6, M6 Gran Coupe, X3, X4		0.9-9.9%						
i3, i8		0.9-7.9%						
M2		2.9-9.9%						
Mini Cooper*		0.9-9.9%						
<b>2016 models</b>								
BMW 320, 328, 328 Gran Turismo, 328d, 330e, 340, M3	\$1,000	0.9-9.9%						
i3, i8		0.9-7.9%						
228, 335 Gran Turismo, 428, 428 Gran Coupe, 435, 435 Gran Coupe, 528, 535, 535 Gran Turismo, 535d, 550, 550 Gran Turismo, 640, 640 Gran Coupe, 650, 650 Gran Coupe, 740, 750, ActiveHybrid 5, ALPINA B6 Gran Coupe, M4, M5, M6, M6 Gran Coupe, M235, X1, X3, X4, X5, X5 eDrive, X5 M, X6, X6 M, Z4		0.9-9.9%						
M2		2.9-9.9%						
Mini Countryman		0.8-9%						
Cooper*		0.9-9%						
<b>FCA US</b>								
<i>Expires Aug. 31. In lieu of rebates, cut-rate financing is available.</i>								
<b>2017 models</b>								
Chrysler Pacifica	\$500	0-5.9%						
Fiat 124 Spider	\$500	0.9-4.9%						
<b>2016 models</b>								
Alfa Romeo 4C (Incl. Spider)		2.9-3.9%						
Chrysler 200, 300, 300C, Town & Country	\$500-\$3,000	0-3.9%						
Dodge Challenger, Dart, Journey	\$500-\$3,500	0-3.9%						
Charger, Grand Caravan, Durango	\$500-\$2,500	0-4.9%						
Fiat 500L	\$1,000-\$3,500	0-1.9%						
500, 500C, 500X	\$500-\$3,250	0-4.9%						
500e	\$2,000	0-3.9%						
Jeep Cherokee, Compass, Grand Cherokee, Patriot	\$500-\$4,000	0-3.9%						
Renegade	\$500-\$1,000	0-3.9%						
Ram 1500	\$500-\$4,500	0-5.9%						
2500, 3500	\$1,000-\$2,500	0-6.9%						
ProMaster City	\$750-\$2,000	0-5.9%						
ProMaster 1500, ProMaster 2500*, ProMaster 3500*	\$1,500							
<b>FORD MOTOR CO.</b>								
<i>Lincoln expires Sept. 6. Ford expires Oct. 3. In lieu of rebates, cut-rate financing is available.</i>								
<b>2017 models</b>								
Ford Expedition, Expedition EL, Transit 150, Transit 250, Transit 350	\$1,500	0-8.9%						
F-250, F-350, Fusion Energi	\$500-\$1,500	0-5.9%						
Fusion Hybrid	\$250-\$1,500	0-5.9%						
Escape, Explorer	\$250-\$1,000	0-6.9%						
Fusion, Mustang	\$250-\$750	0-8.9%						
Lincoln MKZ, MKZ Hybrid, MKC	\$500	0-7.9%						
Navigator L, Navigator	\$1,000	0.9-8.9%						
Continental		0-7.9%						
<b>2016 models</b>								
Ford C-Max Energi	\$500-\$4,500	0-2.9%						
Fusion Energi	\$1,000-\$4,000	0-4.0%						
Expedition, Expedition EL, Focus Electric	\$3,450	0-4.0%						
F-250, F-350, C-Max Hybrid, Fusion Hybrid	\$500-\$3,000	0-8.9%						
Taurus	\$1,750-\$2,950	0-4.0%						
F-150	\$300-\$2,250	0-9.9%						
Transit 150, Transit 250, Transit 350	\$500-\$2,150	0-8.9%						
Transit Connect	\$1,500-\$2,000	0-6.9%						
Escape	\$1,000-\$2,000	0-4.0%						
Explorer, Flex, Fusion	\$500-\$1,450	0-5.9%						
Edge, Fiesta, Focus	\$1,000	0-5.9%						
Focus ST	\$500-\$1,000	0-4.0%						
Mustang	\$750	0-7.9%						
Lincoln MKZ, MKZ Hybrid	\$1,000-\$2,500	0-5.9%						
MKT	\$1,000-\$1,500	0-5.9%						
MKC	\$1,000-\$1,250	0-5.9%						
Navigator, Navigator L, MKX	\$1,000	0-5.9%						
MKS	\$1,000	0-8.9%						
<b>GENERAL MOTORS</b>								
<i>Expires Aug. 31. In lieu of rebates, cut-rate financing is available.</i>								
<b>2017 models</b>								
Buick Enclave		2.9-6.9%						
LaCrosse, Regal, Verano		3.9-6.9%						
Cadillac ATS, ATS-V, CT6, CTS, CTS-V, XTS, XTS		1.9-6.5%						
Chevrolet Impala, Volt	\$1,000	0-5.9%						
Equinox, Traverse	\$250-\$750	2.9-8.9%						
Express 2500, Express 3500, Malibu (Incl. Hybrid)	\$500	3.9-8.9%						
Cruze	\$250	3.9-7.9%						
Camaro, Sonic, Spark		2.9-7.9%						
Corvette, Silverado 1500		3.9-9.9%						
GMC Acadia, Acadia Limited		2.9-6.9%						
Savana 2500, Savana 3500		3.9-7.9%						
Sierra 1500, Terrain		3.9-8.9%						
<b>BUICK</b>								
<b>2016 models</b>								
LaCrosse	\$500-\$2,500	0-6.9%						
Enclave, Encore	\$750	0-6.9%						
Regal, Verano	\$500-\$750	0-6.9%						
Cadillac SRX	\$5,000	0-2.0%						
XTS	\$4,000	0-6.5%						
ATS, ATS-V	\$3,000	0-2.0%						
CTS	\$3,000	0-6.5%						
Escalade, Escalade ESV	\$1,000	0-6.5%						
CT6, CTS-V, ELR		1.9-6.5%						
Chevrolet Spark EV	\$1,000-\$3,500	0-2.0%						
Silverado 1500, Silverado 2500HD, Silverado 3500HD, Impala, Malibu Limited	\$1,000-\$2,000	0-4.9%						
Express 2500, Express 3500	\$1,250	2.9-6.9%						
City Express, Cruze, Cruze Limited, Malibu (Incl. Hybrid), Spark, Suburban, Tahoe, Volt	\$1,000	0-7.9%						
Equinox, Sonic, Traverse	\$500-\$1,000	0-6.9%						
Trax	\$500-\$750	2.9-6.9%						
Colorado, SS	\$500	2.9-7.9%						
Camaro, Corvette		2.9-7.9%						
<b>GMC</b>								
<b>2016 models</b>								
Acadia, Sierra 1500, Savana 2500, Savana 3500, Sierra 2500HD, Sierra 3500HD, Terrain, Yukon, Yukon XL	\$500-\$2,000	0-6.9%						
Canyon	\$750	0-7.9%						
<b>AMERICAN HONDA MOTOR CO.</b>								
<i>Expires Sept. 6.</i>								
<b>2017 models</b>								
Acura ILX, MDX, RDX		1.9-2.9%						
<b>2016 models</b>								
Acura ILX, MDX, RDX, TLX		1.9-2.9%						
Honda Accord, CR-V, Odyssey		0.9-4.9%						
<b>HYUNDAI-KIA</b>								
<i>Expires Sept. 6. In lieu of rebates, cut-rate financing is available.</i>								
<b>2017 models</b>								
Hyundai Santa Fe Sport	\$750-\$1,000	0-4.9%						
Elantra, Santa Fe	\$500-\$1,000	0-3.9%						
Sonata	\$500	0.9-2.9%						
Kia Forte, Sorento	\$500-\$1,000	0.9-9.3%						
Sportage		0.9-9.3%						
<b>2016 models</b>								
Hyundai Equus	\$3,000	0-2.9%						
Elantra	\$2,250-\$2,750	1.9-8.3%						
Sonata, Veloster	\$500-\$2,750	0-2.9%						
Sonata Hybrid, Sonata Plug-In Hybrid	\$1,000-\$2,500	0-2.9%						
Elantra GT	\$2,000	1.9-8.3%						
Accent	\$500-\$1,500	0-1.9%						
Azera	\$1,000	0-3.9%						
Santa Fe, Santa Fe Sport	\$500-\$1,000	0-2.9%						
Tucson	\$500	0-3.9%						
Genesis Coupe	\$500							
Genesis		0-1.9%						
Kia Cadenza, Forte, Forte Koup, Optima, Optima Hybrid, Rio, Sedona, Soul, Sorento, Sportage	\$500-\$2,500	0-9.9%						
Soul EV		0-9.9%						
K900		0.9-9.3%						
<b>JAGUAR LAND ROVER</b>								
<i>Expires Aug. 31. In lieu of rebates, cut-rate financing is available.</i>								
<b>2017 models</b>								
Jaguar F-Type, XE		1.9-7.2%						
<b>2016 models</b>								
Jaguar F-Type, XF, XJ	\$1,500-\$3,000	1.9-7.2%						
Land Rover Discovery Sport, Range Rover Evoque	\$1,000	1.9-4.4%						
LR4		1.9-6.4%						
<b>MASERATI</b>								
<i>Expires Aug. 31.</i>								
<b>2016 models</b>								
Maserati Ghibli		0-3.1%						
Quattroporte		0.9-4.1%						
GranTurismo		1.9-5.1%						
<b>MAZDA</b>								
<i>Expires Sept. 6. In lieu of rebates, cut-rate financing is available.</i>								
<b>2017 models</b>								
Mazda CX-3		1.9-8.8%						
<b>2016 models</b>								
Mazda Mazda6	\$1,500	0-7.3%						
Mazda3	\$1,000	0-7.4%						
CX-3	\$500	1.9-6.8%						
CX-5		0-8.4%						
CX-9		1.9-7.0%						
<b>MERCEDES-BENZ</b>								
<i>Expires Aug. 31. In lieu of rebates, cut-rate financing is available.</i>								
<b>2017 models</b>								
Mercedes-Benz AMG GLA45, AMG GLE43, AMG GLE63, AMG GLE63 S Coupe, C300, E300, E400, E550, GLA250, GLE300d, GLE350, GLE400, GLE550e		1.9-2.9%						
<b>2016 models</b>								
Mercedes-Benz AMG C63, AMG CLA45, AMG GLA45, AMG GLE63, AMG GLE63 S Coupe, CLA250, C300, C450 AMG, E250 BlueTEC, E350, E400, E550, GLA250, GLE300d, GLE350, GLE400, GLE450 AMG Coupe		1.9-2.9%						
Metris, Sprinter 2500, Sprinter 3500		1.9-3.9%						
Smart ForTwo electric drive	\$2,000							
ForTwo	\$1,000	0-3.1%						
<b>MITSUBISHI</b>								
<i>Expires Sept. 6. In lieu of rebates, cut-rate financing is available.</i>								
<b>2017 models</b>								
Mitsubishi Mirage, Mirage G4	\$1,250	0-8.9%						
Lancer	\$1,000	0-8.9%						
i-MiEV		0-5.9%						
<b>2016 models</b>								
Mitsubishi Lancer, Outlander, Outlander Sport	\$1,500-\$2,000	0-8.9%						
i-MiEV		0-5.9%						
<b>NISSAN NORTH AMERICA</b>								
<i>Nissan expires Aug. 31. Infiniti expires Sept. 30. In lieu of rebates, cut-rate financing is available.</i>								
<b>2017 models</b>								
Nissan Maxima		1.9-9.9%						
<b>2016 models</b>								
Infiniti Q50		0-3.9%						
Q70, Q70h, Q70L		0.9-3.4%						
QX80		0.9-3.9%						
QX50		1.9-3.4%						
Q50 Hybrid, QX60 (Incl. Hybrid)		1.9-3.9%						
Nissan Leaf	\$2,000-\$4,000	0-9.9%						
Titan XD	\$2,000-\$3,000							
Altima	\$500-\$2,500	0-8.6%						
Maxima, Murano, Pathfinder, Sentra	\$500-\$2,000	0-9.9%						
370Z	\$1,000	0-9.9%						
Versa, Versa Note	\$500-\$1,000							
NV Cargo NV2500 HD, NV Cargo NV3500 HD	\$500-\$1,000	0-9.9%						
NV Cargo NV1500	\$750							
Frontier, Rogue	\$250-\$750	0-9.9%						
NV Passenger NV3500 HD	\$500							



# final assembly

► **Canada:** Go to [autonews.com](http://autonews.com) this week for coverage of the Detroit 3's Canadian labor contract talks.

## comment

### Public groups show discipline in 2nd quarter

The six publicly traded dealership groups deserve a salute for a much better second quarter than the headline numbers indicate.

Skim their results, and things don't look good.

Of the six, four posted a drop in same-store U.S. new light-vehicle sales that was worse than the industry's 0.3 percent slide in the second quarter.



JAMES B. TREECE  
NEWS EDITOR

Lithia Motors Inc.'s same-store sales declined just 0.1 percent. In this market, that's a win.

As for the sixth, Penske Automotive Group Inc., who knows? It doesn't break out its U.S.

light-vehicle sales, much less same-store sales. North America, including its commercial truck business, accounts for 59 percent of Penske's global revenue.

Net profits fell at Asbury, AutoNation and Penske, while inching up less than 1 percent at Group 1 and Lithia.

The lone standout was Sonic Automotive Inc., which notched an eye-popping 54 percent gain in net. But that was by comparison with a year-earlier quarter when its net slumped 45 percent because it got hit with a \$10.5 million impairment charge to cover everything from hailstorms to the surrender of a Chevrolet franchise. This year's impairment charge: just \$151,000.

So overall: ouch.

But it could have been much worse if those dealership groups hadn't been holding the line on costs and opting for profits over volume. Those are the sort of things that smart managers do when the economic growth cycle slows.

Take costs. At Sonic, Penske and AutoNation, total overhead costs in the form of selling, general and administrative expenses grew more slowly than revenue. And Asbury Automotive Group Inc. managed to hold its SG&A growth to a modest 0.2 percent.

Again on a same-store basis, Group 1, Sonic and Lithia also posted higher gross profit per new vehicle retailed despite the drop in new units. On that score, Group 1 Automotive Inc. had a remarkable quarter. Same-store new unit sales dropped 9.2 percent, but gross profit per new unit retailed jumped 15 percent.

While Asbury and AutoNation had a drop in their gross profit per new-vehicle retailed, the decline was less than the fall in unit sales.

If you're going to sell fewer, better make more money on each.

You may email James B. Treece at [jtreece@crain.com](mailto:jtreece@crain.com).

## Flea market owner to Ferrari: See you in court

By the time people hear about the latest limited-production supercar, it is often already sold out. A little disappointing, sure, but what are you going to do, sue the company?

Well, if you are Preston Henn, 85-year-old Florida flea market emperor and noted Ferrari collector, that's exactly what you do.

Sibling publication *Autoweek* says Ferrari plans to build a mere 150 copies of its droptop version of the 950-hp LaFerrari, and that Henn didn't make the list of exclusive buyers. So he has filed a lawsuit against Ferrari North America in federal court in Florida. Henn claims

defamation based on "the published statements of its agents and employees that Preston Henn is not qualified to purchase a LaFerrari Spider Automobile."

Ferrari declined to comment on the suit, which highlights Henn's extensive Ferrari collection — including a 275 GTB/C 6885 Speciale, which some speculate is the most valuable car in the world. And it details his attempts to secure a LaFerrari Spider — including a \$1 million deposit check mailed directly to Fiat Chrysler and Ferrari boss Sergio Marchionne, a check that was promptly returned.



LaFerrari Spider: Just 150 copies are planned.

## The musings of Elon Musk

During the earnings calls for Tesla's second-quarter results last week, CEO Elon Musk touched on a number of topics.

### On Tesla's product quality

"The quality I think has improved quite dramatically specifically with respect to [Model] X. We had a lot of challenges in the production ramp. That's always the most difficult time when you are going from zero to 1,000 cars per week. It's just [that you've] got to pull this huge baggage train of suppliers along with you."

### On launching the Model X

"Basically we were in production hell for the first six months this year. Man, it was hell."

### On autonomous driving

"Full autonomy is going to come a hell of a lot faster than anyone thinks it will. I think what we've got under development will blow people's minds. It blows my mind."

### On whether Tesla should, like Google, report regularly on its autonomous drive technology

"Unfortunately and fortunately, Tesla can't sneeze without there being a national headline. So I don't think you have to worry too much about whether we'll report it because the media will and then inflate it in size by 1,000. ... Last year there were 35,000 automotive deaths in the U.S. How many did you read about?"

### On Tesla's lack of profitability

"For Q3 and Q4, Tesla would be profitable excluding the Model 3 CapEx ramp."

"When all ... is lumped together, [it] can be confusing, and they will think Tesla is a money-losing company, but well, not really. And to understand what the real health of the business is: Right now, in a nutshell, we are shipping \$10 billion a year of product on an annualized basis at somewhere around 23 percent to 25 percent gross margin."

### On the expense and complexity of being a car manufacturer

"To the degree that the past predicts the future, then you can pretty much count on the new vehicle program also being incredibly valuable. And something where it would be mad not to spend the money to do it."

Musk: "What we've got under development will blow people's minds."



## Beer, a brass band — and now the bill

A beer-drinking contest sounds like a pretty good way to wrap up an off-site meeting, especially for a German carmaker. But then someone has to submit the expense report.

And remember that corporate expenses can be a delicate topic in Germany. The head of an industrial association was fired in 2009 after admitting to the theft of one meatball.



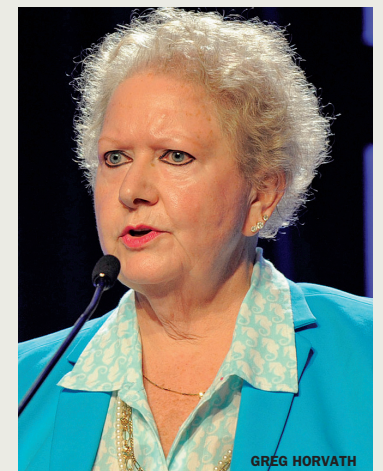
Stadler: Stuck with \$13,950 tab

Audi Chairman Rupert Stadler was recently ensnared by accounting department vigilance, according to Reuters, citing the German newspaper *Bild*. He was forced to pay 12,500 euros (\$13,950) to reimburse the company for the cost of the beer competition he organized for executives last year.

The party was attended by about 30 top executives, and featured plenty of beer and a special Bavarian brass band that was flown in for the occasion.

The party was originally claimed on expenses, but Stadler had to repay the company after Volkswagen's internal audit team took notice, *Bild* said.

Audi declined to comment on the affair.



GREG HORVATH

## the final say ...

**"I am really tired of talking about diversity. I've leaned in so far, I'm taking a nap at the table."**

Elizabeth Griffith, director of engineering, GM Global, Interior Systems, Faurecia North America

**"And it is going to grow beyond that. There will be a point of saturation, but we are probably a decade away."**



©GM

General Motors China chief Matt Tsien, who expects China's vehicle market to grow to around 30 million vehicles by 2020 from 24.6 million last year.

## Opposite numbers

General Motors' U.S. market share plunged in the second quarter of 2016 while its North American profit margin rose sharply. It was a different story for rival Ford Motor Co.

	U.S. MARKET SHARE APRIL-JUNE, 2016	U.S. MARKET SHARE APRIL-JUNE, 2015
Ford	15.5%	15.2%
GM	16.6%	18.0%

	N.A. PROFIT MARGIN APRIL-JUNE, 2016	N.A. PROFIT MARGIN APRIL-JUNE, 2015
Ford	11.3%	12.2%
GM	12.1%	10.5%

Source: Automotive News Data Center, company financial statements





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