

# Automotive News

JULY 25, 2016

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## future product pipeline

SECOND IN A 9-PART SERIES | JAPAN

Japan's big three automakers have set their sights in different directions as they craft their product plans over the next few years. Toyota will pursue excitement, Honda will emphasize efficiency and Nissan will push for sales volume.  
| PAGES 26, 28, 29, 30, 31 |

### Sources: FCA found sales were inflated

Pressure to keep streak alive cited

**Larry P. Vellequette**  
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DETROIT — An internal review ordered in mid-2015 by top Fiat Chrysler executives uncovered thousands of vehicle sales reported by FCA brands for which there were no actual buyers, according to two company sources.

The insiders told *Automotive News* that following the inquiry, U.S. sales head Reid Bigland put a stop to the practice, which had resulted in FCA US reporting more sales than it actually made.



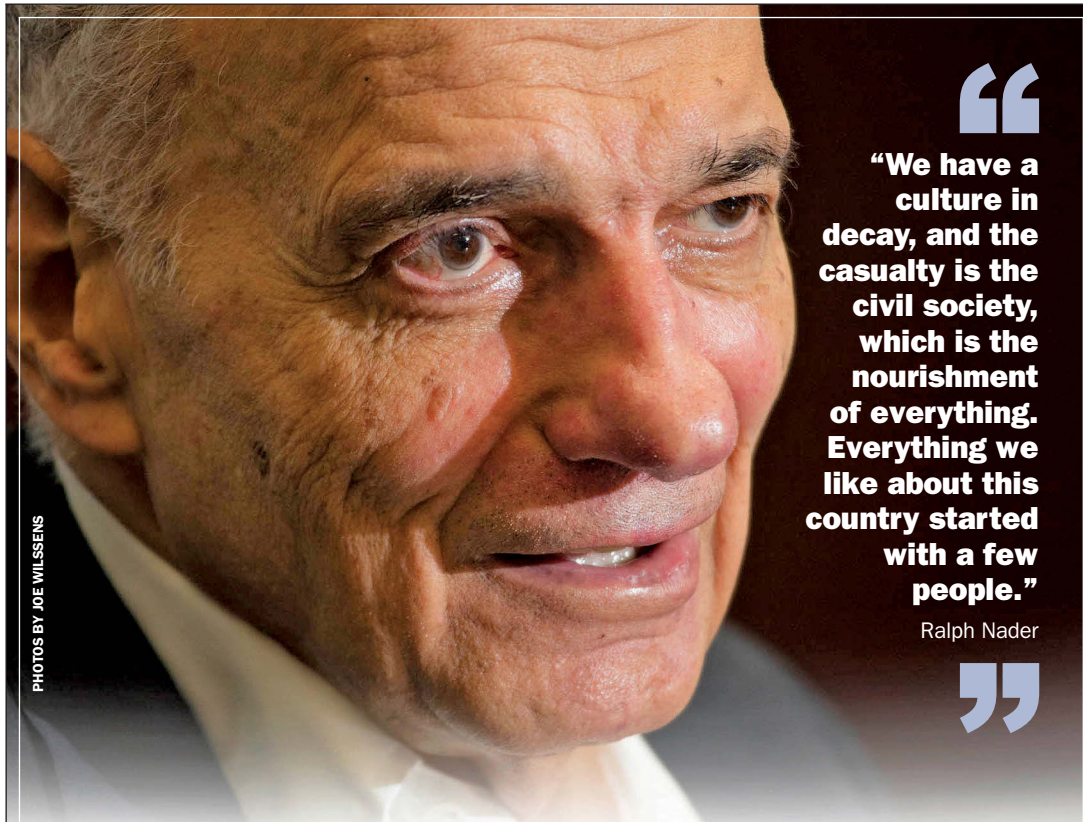
**Bigland: Tried to stop it, insiders say.**

The sources did not specify the precise time period covered by the review but said it revealed that 5,000 to 6,000 vehicles had been reported as sold by dealers and then "unwound."

They said the sales numbers were inflated in part under pressure to preserve FCA's streak of U.S. monthly year-over-year sales increases, which now stands at 75 months. One source cited dealer complaints about the practice that reached CEO Sergio Marchionne before Bigland sought to end it. But he added that overstating of sales has crept back into play this year as competitive pressures on FCA's field staff have increased.

Meanwhile, the other company insider said the employee turnover rate among sales staff in the company's nine business centers around

see **FCA**, Page 41



PHOTOS BY JOE WILSENS

“We have a culture in decay, and the casualty is the civil society, which is the nourishment of everything. Everything we like about this country started with a few people.”

Ralph Nader

At 82, Ralph Nader says, “I’m accelerating, because I see ... how easy it is to turn things around.”

## AT FULL SPEED

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DETROIT — It takes a surprisingly small number of people to change the world — and that’s one thing consumer advocate Ralph Nader wishes more people realized.

“It’s easier than you think,” Nader told *Automotive News*. “Historically, a handful of people, again and again, supported by public opinion, turned the country around.”

Nader should know, considering he set in motion tremendous safety reforms after the publication of his 1965 book, *Unsafe at Any Speed*, which accused the auto industry of prioritizing profits and styling over safety.

Nader, who was inducted into the Automotive Hall of Fame last week, stopped in to talk

with *Automotive News* on Thursday, July 21, with his good friend and fellow activist Joan Claybrook, 79, who was head of the National Highway Traffic Safety Administration under President Jimmy Carter.



**Claybrook: Longtime ally**

The trip to Detroit was a bit of a retrospective for Nader, 82, a look back on a world that has, in many ways, changed in the half century since he began shaking up the auto industry. Nader still is engaged and on top of the current issues facing the industry, such as autonomous driving, airbag recalls and distracted driving.

And he says he’s not slowing down: “I’m accelerating, because I see what’s happening, and I see how easy it is to turn things around.”

see **NADER**, Page 41

### The coming clash over MPG rules

Regulators’ report sets stage for debate

**Ryan Beene**  
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WASHINGTON — It has officially begun: The process that will shape the powertrains and fuel efficiency of U.S. autos through 2025 kicked off last week with the release of an exhaustive technical study by U.S. and California environmental regulators.

#### NEWS ANALYSIS

■ **Opinion:** Report shows just what the industry can do | **PAGE 12** |

With the launch of the legally required midterm evaluation, environmentalists, regulators and the industry began battling over whether to keep the standards the same and accept a lower fleet average or to adjust them to reflect market and technology changes since the rules were written.

Agencies hailed the findings of the 1,217-page draft “Technical Assessment Report” as evidence that the industry is ahead of schedule in complying with the Obama administration’s ambitious National Program of harmonized greenhouse gas and fuel economy regulations.

see **MPG**, Page 40

#### INSIDE TODAY



### Nissan and Toyota eye Lone Star State

Toyota is moving to Dallas, but its Japanese rival also sees Texas as a key growth opportunity. | **PAGE 3** |

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Engineers behind the Ford-patented Pothole Detection System are pictured (L-R): Russ Norton, Ben Bulat, Jason Michener, Albert Salib, David Russell and Greg Suter.

## Pothole? What Pothole?

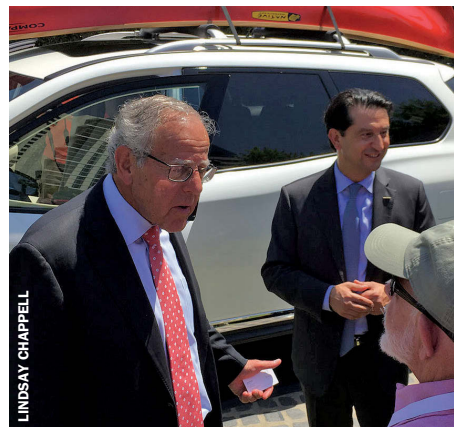


When Mother Nature takes a scoop out of the road, the Ford Pothole Detection System says, "No problem." Now available on the 2017 Fusion Sport, its patented technology keeps the wheels from dipping low into the pothole. And that can help protect your tires from damage. Genius worth celebrating. Find out more at [social.ford.com/an](http://social.ford.com/an).



Go Further

# Nissan, Toyota vie for the hearts of Texans



Former Toyota Motor Sales U.S.A. President Jim Press, left, helps Nissan North America Chairman Jose Munoz pitch the refreshed 2017 Nissan Pathfinder crossover in Dallas.

## Japanese rivals target Lone Star State for growth

**Lindsay Chappell**  
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DALLAS — There was nothing random about Nissan choosing Dallas as the place to unveil its refreshed 2017 Pathfinder crossover this month.

Under a blazing Texas July sun and surrounded by the panorama of Dallas' modern skyline, Nissan North America Chairman Jose Munoz looked beyond the new Pathfinder's roofline to spell out what's on his mind.

"Texas is very important to us," he explained. "Texas is our second-largest market, after California. We have a long history here. Nissan Motor Acceptance is based here in Dallas. We have thousands of employees and their families here. It's important that we

continue to do well here. We want to make people aware that we are here and will continue to see good growth in Texas."

As Munoz talked in the broiling midday heat, the word he did not mention was "Toyota."

But Toyota looms as big as a boulder in Nissan's growth strategy — especially in Texas, and particularly in the Dallas market. Both automakers are zeroing in on Texas as a key growth opportunity.

In the coming months, Toyota Motor Corp. will move about 800 people into temporary buildings here, as it spends \$1 billion to create a consolidated North American headquarters campus outside Dallas in Plano. Once fully in place, Toyota will have 4,000 people working at its new Dallas headquarters.



Nissan is adding stores in Texas, including Brad Fenton's new dealership in Rockwall.

The relocation will additionally bring vendors, marketing services, vehicle parts companies, technical support companies and other related businesses to focus on Toyota.

That project will make Dallas a "Toyota town" in the minds of many.

see **TEXAS**, Page 37



Woebcken: "We have a short- and midterm view, and as we speak we are working on a strategy for where the brand wants to be in 2025."

## VW's BIG SHIFT

Wolfsburg allows 'American-style name' for new crossover

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CATTANOOGA — Volkswagen AG executives broke from convention while debating the name of the midsize VW crossover launching in the U.S. next year: They let the North American team pick it.

Normally, a committee in Germany would have decided on a single global name starting with "T," following the pattern of the Tiguan and Touareg crossovers before it, says Hinrich Woebcken, CEO of VW's recently formed Volkswagen North America region. Instead, Woebcken says the new crossover, crucial to VW's post-scandal recovery hopes, will have a "bullish, much easier to pronounce, American-style name" unique to the market.

He wouldn't give away the name, but he strongly

**"Two or three years ago, it would've been a no-go that the region decides an individual name. This is already an early sign that Wolfsburg is willing to let go."**

Hinrich Woebcken  
CEO, VW North America region

ly hinted it wouldn't start with "T."

To Woebcken, it's a signal that headquarters is serious about giving its operation here more room to run amid

VW's broad effort to chart a recovery path in the U.S.

"Two or three years ago, it would've been a no-go that the region decides an individual name," Woebcken said. "This is already an early sign that Wolfsburg is willing to let go."

It's not the first time VW executives have pledged to revive the U.S. operation with more resources and autonomy. Different this time, Woebcken says, are the tools available through the North American structure.

As head of the VW brand's now-consolidated North American operations, Woebcken oversees purchasing, engineering, product development, manufacturing, sales and marketing. Never before have all those functions been under one unit and executive in North America.

Woebcken said the cross-functionality of the new role and the chance to lead a "new start" for the VW brand attracted him to the North American post.

"We want to grow. We



A camouflaged version of VW's new crossover undergoes testing.

VW OF AMERICA

see **VOLKSWAGEN**, Page 40



Chrysler 200 production is to end in late December so the plant can be retooled to build Ram pickups.

## Uncertain futures for Dodge Dart, Chrysler 200

Output set to end, but FCA has no replacement plan

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DETROIT — Six months ago this week, Fiat Chrysler CEO Sergio Marchionne laid out a strategy in which his company would outsource production of its compact and midsize sedans to make room to build more pickups and SUVs.

Dealers were assured they would continue to have products to sell to consumers still in the market for a Dodge Dart or Chrysler 200. FCA declared in January that it would "solidify partnering opportunities" to maintain a presence in those segments. Marchionne said a deal would be done "hopefully, in a relatively short period of time."

Now those assurances look far less certain.

FCA has been unsuccessful in persuading another manufacturer to build the Dart and 200 after the two cars go out of production this year.

Dart production will end in September so that its assembly plant in Belvidere, Ill., can be retooled to build the Jeep Cherokee. Production of the Chrysler 200 is scheduled to end in late December to allow FCA's assembly plant in Sterling Heights, Mich., to be retooled for production of the body-on-frame 2018 Ram 1500, as *Automotive News* reported.

An FCA spokesman said the automaker has no announcement to make about plans for the Dart and 200. Indeed, it's possible FCA won't find another manufacturer willing to build them.

Dave Sullivan, an analyst with AutoPacific, said lack of manufacturing capacity is constraining all automakers and there's "no room at the inn" for the Dart and 200.

see **FCA**, Page 42

# GM unveils plan to add minority dealers

Caveat: Count will rise with acquisitions, not open points

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MIAMI BEACH, Fla. — General Motors targets a net addition of at least 10 minority-owned dealerships a year to its dealership roster for the five years starting in 2015.

The company's most ambitious plan for minority-owned dealership growth since the recession was revealed to dealers by Eric Peterson, GM vice president of diversity dealer relations, and Mark Rainey, the company's new director of dealer development, at the National Association of Minority Automobile Dealers conference here last week.

But the plan came with a caveat.



**Lester: "There is a problem."**



**GM's Rainey: "We can help."**

"Don't stand in line waiting for an open point because it's not going to happen," Rainey cautioned dealers while discussing what GM takes into consideration when helping dealers and dealer candidates acquire stores.

The effort "to increase our minority dealer count has to be done through acquisitions, not through open points," he said. "We have a very mature network, and we're here to work with you to find those opportunities for acquisition."

Retaining dealerships is important for increasing GM's minority dealership count, Rainey said. He told dealers to make sure they have a succession plan in place. "If you don't, we can help you with that," he said.

"If you have children in the business, we can work through next-generation efforts to make sure they are comfortable and continue

## Minority report

Here is a tally of minority-owned dealerships by dealer principal ethnicity at the end of 2015.

	GM	FORD	TOYOTA	HONDA	NISSAN	INDUSTRY TOTAL
Hispanic-American	111	68	30	32	36	552
African-American	46	61	14	10	18	264
Asian-American	34	20	15	9	13	215
Native American	28	9	11	6	2	97

Source: NAMAD 2015 Minority Dealer Census

to be motivated and have a peer group to help them stay interested in the business."

Rainey also urged dealers to find stores to acquire by building relationships with other dealers located in markets in which they would like to own dealerships and with dealer-

ship brokers. He said approximately 120 GM dealerships change hands through buy-sell deals annually.

At the end of 2015, 219 of the nation's 1,128 minority-owned dealerships sold GM brands, according

see **MINORITY**, Page 38

# Who pays wholesale for auto loans?

Texas dealer, CFPB exec face off at NAMAD

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MIAMI BEACH, Fla. — What do you pay for chicken at the grocery?

Texas auto dealer Robert Turner and Patrice Ficklin, fair lending director at the Consumer Financial Protection Bureau, used the price of chickens at the supermarket to explain their positions on auto loan pricing during a lively give-and-take following Ficklin's speech at the annual National Association of Minority Automobile Dealers conference here last week.

As his dealer colleagues listened intently, Turner said every business buys goods at a

wholesale price and sells them at a retail price. For example, grocery stores buy chickens for wholesale prices and then sell them at higher retail prices to cover overhead expenses, he said.

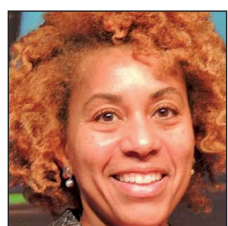
"Why should this industry be any different?" said Turner, in what became a lengthy soliloquy.

"All the dealers in the country provide a service. We spend millions of dollars to make sure that every consumer not only has the automobile they want to drive but also has the ability to keep that car rolling. It costs dealers millions of dollars to pay people.

"We're packaging deals, we're trying to make things happen for consumers, we're trying to put more deals together. The more deals we put on the road allow opportunity for more [vehicles] to be produced, which puts checks in more peoples' pockets who are in the manufacturing business and the people who are in the business of putting parts together," Turner said. "We keep America rolling. And we seem to get hit left and right for trying to do a good job of that."

The crowd of dealers burst into applause.

Ficklin said the CFPB agrees that dealers provide a valuable service by matching con-



**Ficklin: Dealers should be compensated.**

sumer financing. "We're not in the business of putting parts together," Turner said. "We keep America rolling. And we seem to get hit left and right for trying to do a good job of that."

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see **FICKLIN**, Page 38



# Cox shifts into 'integration mode' after shopping spree

Automotive chief Schwartz hints the pace of acquisitions will slow

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**D**ETROIT — Cox Automotive will be in "integration mode" for a couple of years, after a string of mergers and acquisitions starting in 2010, President Sandy Schwartz said.

He implied that the pace of acquisitions will slow. "We have all the products and tools we need, and a lot of integration work to do," he said in a wide-ranging interview.

The biggest acquisition was the 2015 purchase of Dealertrack, a software and digital marketing provider, for \$4.5 billion, including the assumption of debt by Cox Automotive's parent, Cox Enterprises of Atlanta.

"Dealertrack was a big, strategic play," said Schwartz. While it brought consider-

able technology to Cox, Schwartz says the main benefit from that purchase was "much deeper relations with dealers."

But that was hardly the only deal Cox did. Since the start of 2010, Cox has purchased or launched Kelley Blue Book, vAuto, Ready Auto Transport, NextGear Capital and Xtime, among others. About a year before being purchased by Cox, Dealertrack had bought Dealer.com.

That's a lot to absorb. Cox Automotive has realigned its organization chart "three or four times" since the Dealertrack acquisition, Schwartz said. He also admitted that the company is seeing some "fatigue" in

terms of integration.

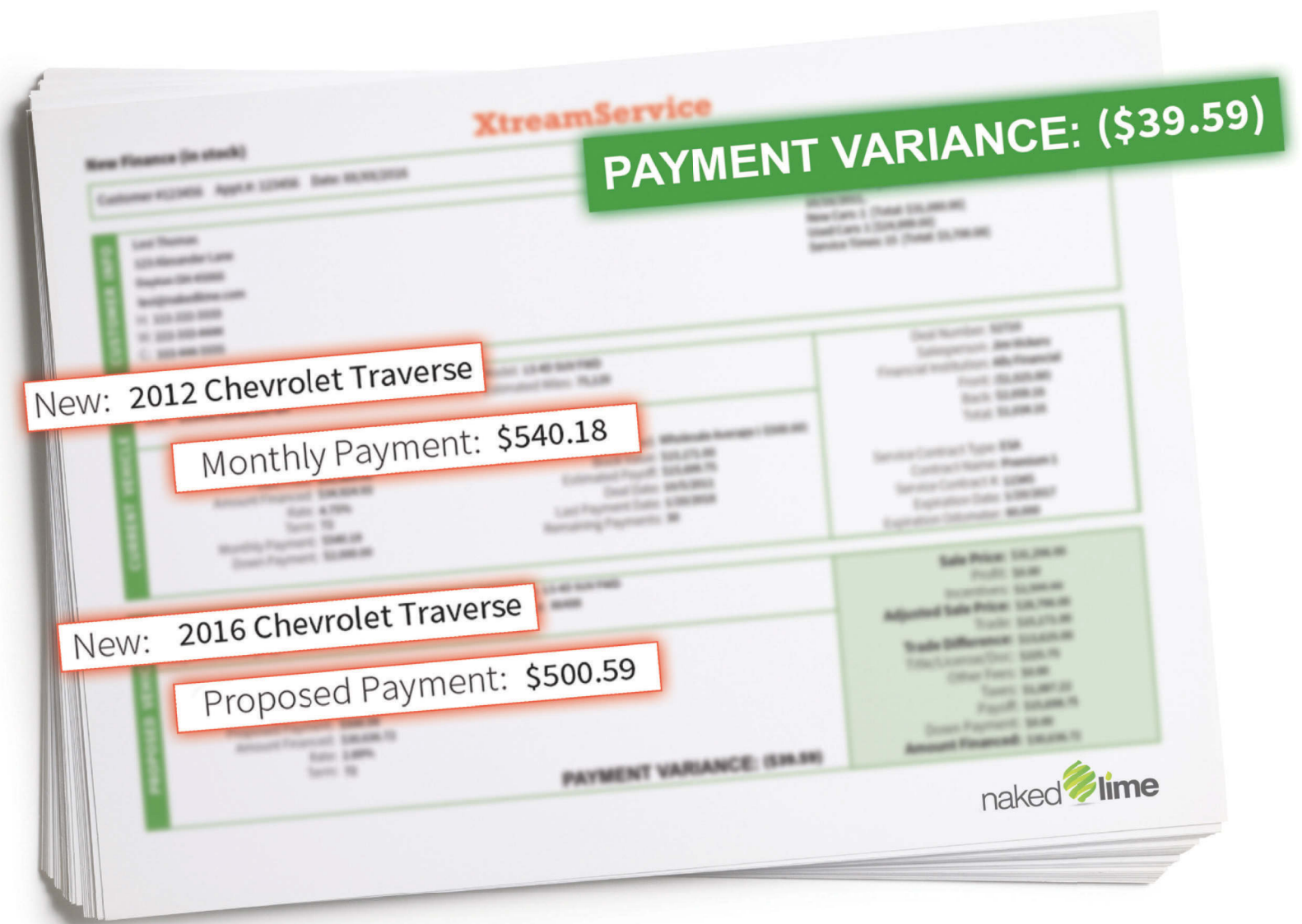
But he added that some newly acquired products need to be enhanced. For example, Arkona, a dealership management system purchased by Dealertrack in 2007, has always been a bit

see **COX**, Page 38

**Schwartz: "We have all the products and tools we need."**



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KGP PHOTOGRAPHY

The next Land Rover Discovery, shown in this spy photo, is expected to arrive in the first quarter of next year.

## Next Range Rover could move upscale

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**G**AYDON, England — A new version of the Land Rover Discovery due in the first quarter of 2017 could give the automaker an opportunity to move the next Range Rover further upmarket, perhaps to compete with the Bentley Bentayga.

"I think Range Rover has no way reached its ceiling in terms of price," said Gerry McGovern, Land Rover's design director and chief creative officer, in an interview. "As we make [the 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."



**McGovern:**  
**Higher price ceiling**

But McGovern added: "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 Range Rover and Discovery move upmarket, it's possible some vehicles in the next Land Rover Defender's family could 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." **AN**

## Hyundai to roll out next-gen fuel cell in '18

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**H**WASEONG, South Korea — Hyundai Motor Co. will debut its next-generation hydrogen fuel cell system in 2018, just in time to showcase the technology at the Winter Olympics in South Korea.

The system will appear in a "totally new" vehicle that is "somewhere between a CUV and SUV," said Ahn Byung-ki, Hyundai Motor Group director of eco-vehicle development.

Hyundai introduced its original fuel cell technology on the Tucson crossover in 2013. The company has produced fewer than 1,000 of the vehicles to date, Ahn said.

The new fuel cell will be smaller and require less platinum in the catalyst, he said. The battery will be bigger, while the electric motor will be smaller and lighter but have higher output.

He said the 2018 Winter Games in Pyeongchang will be a stage for Hyundai to market the next-generation fuel cell vehicle. Hyundai is also preparing a fuel cell bus to possibly debut at the games.

"We're going to make a big event with the Pyeongchang Winter Olympics," Ahn said this month in an interview at the car-



**Hyundai introduced its original fuel cell technology on the Tucson crossover in 2013.**

maker's Namyang r&d center here south of Seoul.

"It's a big event. That's always a good opportunity for PR."

Yang Woong-chul, Hyundai vice chairman and r&d chief, said the automaker is bucking the industry trend by developing its fuel cell technology internally.

Yang downplayed the benefits of partnering, as other automakers are doing. More alliances end in failure than success, he said, and it is hard to keep both sides equally motivated and committed when sharing work.

The Olympics plan is part of the Hyundai group's bold blitz to introduce 28 new eco-vehicles by 2020 across the Hyundai, Genesis and Kia brands. The rollout will cover 10 traditional hybrids, eight plug-in hybrids, eight electric cars and two fuel cell vehicles. **AN**



BRIAN WILLIAMS/SPIEDBILDE

### A CR-V with HR-V cues

The redesigned Honda CR-V compact crossover shown in this spy photo, due next year as a 2018 model, will ride on a modular platform shared with the Civic and Accord. It is expected to grow in size and borrow styling cues from the HR-V and latest Pilot. A 1.5-liter turbo will be the only engine offered until Honda adds a hybrid version in 2018 or 2019.



BRIAN WILLIAMS/SPIEDBILDE

### A buff new Buick Enclave

Spy photos suggest the Buick Enclave will become more muscular when the brand's biggest crossover is redesigned. The successor, with its more sharply edged exterior, will arrive in mid-2017 as a 2018 model on a new, lighter platform. General Motors' new 3.6-liter V-6 is expected to be the base engine, combined with a nine-speed automatic transmission.



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# Samardzich looks beyond Ford

## European division COO to retire; South America president to step in

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**B**arb Samardzich shipped off to Europe five years ago, just as the economy and Ford Motor Co.'s operations there were starting to spiral into the sort of crisis she had just helped the automaker weather in the U.S.

Now, with Ford of Europe finally profitable again, Samardzich has decided to step away from the business and try something different rather than take on a new challenge at Ford. She's retiring as Ford of Europe's COO on Oct. 1 and will be succeeded by Steven Armstrong, president of Ford South America.

Samardzich said she'll return home to the U.S. with her husband, who retired several years ago, but has no specific plans beyond working more with char-

ity organizations.

"I decided I wanted to retire earlier rather than later and give back more to communities. I want to do other things in my life and contribute in other ways," Samardzich, 57, said in an interview from Cologne, Germany. "Maybe I want to go to a movie on a Wednesday night."

Her choice means Ford is losing one of its top female executives, a former nuclear engineer who in 26 years with the company managed development of the 2005 Mustang and helped launch the hugely successful line of EcoBoost engines. Samardzich said she advocated for the EcoBoost program over considerable skepticism inside the company that consumers would embrace smaller, turbocharged engines, especially in brawny pickups and

### Executive changes



**Samardzich** **Armstrong**

- Barb Samardzich retires Oct. 1 as vice president and COO of Ford of Europe.
- Steven Armstrong, president of Ford South America, succeeds Samardzich on Sept. 1.
- Lyle Watters, Ford of Europe CFO and vice president of finance and strategic planning, succeeds Armstrong on Aug. 1.

SUVs. Today, 60 percent of F-150s are sold with an EcoBoost V-6, even with gasoline prices hovering around \$2 a gallon.

"I was never someone who was 'What's under the hood of that car?' but I was very good at vehicle evaluation," Samardzich, who was vice president of global powertrain engineering when Ford introduced EcoBoost, said last week. "EcoBoost engines had every attribute I was looking for in a vehicle. It did not matter to me how many cylinders there were, and I believed there were more people like me than not like me out there."

Armstrong, Ford's choice for the next deputy leader in Europe, is a U.K. native who has spent two-and-a-half years running Ford's South American region. He has had to grapple with economic turmoil in Brazil, Argentina and Venezuela so severe that Ford wrote off \$800 million worth of investment there and said it expects 2016 results to be worse than last year's \$832 million loss.

Upon landing in Europe, Arm-

see **FORD**, Page 40

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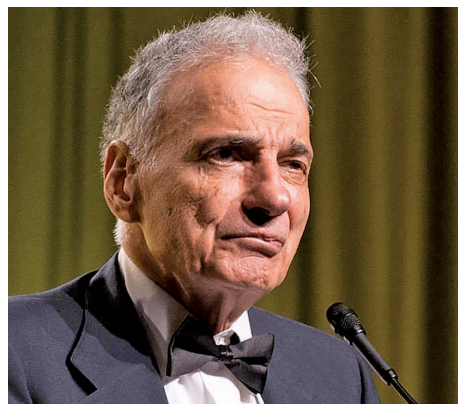
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## Guests of honor

Alan Mulally, Ford Motor Co.'s CEO from 2006 to 2014, reminisced about the company's turnaround during his Automotive Hall of Fame induction speech last week in Detroit. Also entering the Hall were vehicle safety advocate Ralph Nader, bottom left, and former Ford and American Motors engineer Roy Lunn, whose daughter, Niki Richter-Lunn, appeared on her father's behalf. Roy Lunn, 91, greeted the attendees of the Hall of Fame gala by video.

## GM rides North America to record post-Chap. 11 net

### Brexit may jeopardize financial recovery in Europe

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**DETROIT** — Overseas, General Motors faces storm clouds. South America is losing money. Europe's hopes to reach breakeven this year are threatened by the aftershocks of the U.K.'s Brexit vote. Profits are good but flat in China, with second-quarter margins dipping to 9.5 percent from 10.2 percent a year ago. GM says its international operations — everything outside of Europe and the Americas — will "remain difficult" in the second half.

But at home, boy, is GM churning out profits. North American operations' pretax profit jumped 31 percent in the second quarter to \$3.65 billion from the year-earlier period, despite a drop of 5.7 percent in overall North American unit sales. North America-heavy GM

Financial joined the party, topping all overseas operations with a pretax profit of \$266 million, up 18 percent.

"It was truly an outstanding quarter," said CFO Chuck Stevens. "Fundamentally the results are underpinned by great performance and continued strength in North America and another quarter of strong performance in China."

Overall, GM's net income more than doubled to \$2.87 billion, as revenue rose 11 percent to \$42.37 billion, a record for any quarter since GM's emergence from bankruptcy in July 2009.

The surge in net was aided by comparison with a weak year-earlier quarter, when net was \$1.12 billion after the automaker took special charges of \$1.11 billion. The latest quarter's special charges were just \$115 million.

GM's robust North American profits reflected

### No place like home

GM's second-quarter results

		CHANGE
<b>Revenue</b>	\$42.37 billion	11%
<b>Pretax income</b>		
North America	\$3.65 billion	31%
GM Financial	\$266 million	18%
Rest of world*	\$185 million	16%
<b>Net income</b>	\$2.87 billion	157%

\*Includes Europe, South America and International Operations, which includes China

Source: General Motors

its strategy of focusing on retail sales, where high-margin SUVs and pickups are flying off dealers' lots, and backing off from less-profitable fleet sales, where the industry traditionally dumps slow-selling sedans. That strategy boosted its profit margins in the quarter to 12.1 percent from 10.5 percent a year ago.

Fleet sales for the first half of 2016 are down 21 percent, according to the Automotive News Data Center, but GM's retail sales for the first half

see **GM PROFIT**, Page 37

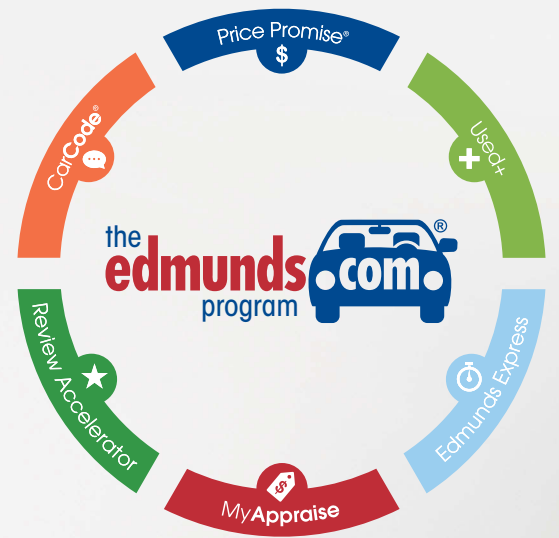




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# Hyundai r&d chief: No fear of Apple, Google

Company to work with suppliers on next-gen tech

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HWASEONG, South Korea — Hyundai Motor Group's global r&d chief seems unruffled by the industry hubbub over new mobility.

Google won't challenge old-school metal-benders by trying to make cars, he says. Apple isn't a big worry because it doesn't fully appreciate the complexity of making an automobile. And ride-hailing companies such as Uber are novelties to keep a keen eye on.

Indeed, Vice Chairman Yang Woong-chul generally thinks the

surest strategy is for Hyundai to work with its current suppliers to develop next-gen technologies.

"We do it all ourselves, in partnering with some component suppliers," Yang said in an interview this month at Hyundai Motor Group's Namyang r&d center here south of Seoul. "We have pretty good technologies."

Yang's frank assessment of the dawn of new mobility underscores an old-school ethic at Hyundai that prioritizes self-reliance over partnerships. In an era of industry consolidation, driven largely by a need

to share spiraling development costs for alternative powertrains, autonomous driving technologies and advanced safety systems, Hyundai stands out for its stalwart insistence on tackling such challenges in-house.

"We have seen that with many other companies, alliances have seen more failures than success," Yang said, noting that Hyundai also has no intention of pairing with a rival to develop hydrogen fuel cells, as many compet-



**Yang: "We have pretty good technologies."**

ing carmakers have done.

The world's No. 5 auto manufacturer takes a skeptical view of potential interlopers from Silicon Valley at a time when competitors from Detroit to Wolfsburg are struggling to come to grips with the unfolding landscape.

"Google is not a threat. They have announced they are not going to produce any vehicles," Yang said. "All the media are saying Google is producing a vehicle. But they've announced they are not a car company."

And Apple?



**The Genesis G90 is a technology showcase for Hyundai Motor Group.**

"Not really worried," Yang said. "Vehicle manufacturing is not that simple."

Added Yang: "They have some chance to develop an electric vehicle. But they are more cautious. Rather than playing the media, or publicizing such things, the company is doing things more secretly before they have something to show."

Ride hailing and car sharing are on the radar, but Hyundai is still reading the winds. Neither business model has gained much traction in the home market of South Korea.

Yang said Hyundai Motor Group's biggest markets are overseas in places such as the United States and China, and that's where it will have to join the game.

"We cannot be completely away from those kinds of new mobility businesses," Yang said. "We are certainly trying to get into those kinds of things."

But if Hyundai partners with a new player, Yang said, it will do so on its own terms.

He bristled at the notion that Silicon Valley's high-tech companies will take over as the value-added component in the car-making equation, providing the computerized brains for a metal box supplied by old-guard automakers. Some industry forecasters envision a future in which vehicle operation systems are branded on cars the way Intel microprocessors have been branded in personal computers with "Intel inside" sticker logos.

"But 'Hyundai, powered by Google?' Do you think that's a good idea?" Yang asked. "Google wants that. Google will be taking more advantage out of that than automotive companies."

In any case, Hyundai's technology can hold its own, he said.

Yang cited the advanced safety system and autonomous driving features in the new Genesis G90, the flagship sedan of Hyundai Motor Group's new Genesis luxury brand.

The G90's suite of advanced safety technologies, dubbed Genesis Smart Sense, bundles cruise control, lane-keeping assist and technologies to reduce driver fatigue.

In addition, the vehicle packs an autonomous braking system with pedestrian detection, active blind-spot detection, a driver attention alert system and an around-view monitor.

Hyundai also was the first to equip cars with Google's Android Auto and Apple's CarPlay smartphone connectivity applications, proving it knows how to cooperate, he added.

"We are not actually behind," Yang said of the surging wave of new technology. "We are the one very actively applying it to real production vehicles." **AN**

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# opinion



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## Fuel economy report shows just what the industry can do

Last week's draft report on the auto industry agreement on fuel economy and greenhouse gas emissions provides a helpful reminder of what happens when automakers and regulators have the courage to question their assumptions. And it underscores what we've known all along: The industry, when it resolves to, has tremendous capacity to overcome difficult obstacles.

Even if automakers entered into the agreement in 2011 grudgingly, their pursuit of its objectives, judging by the report, has been energetic. "The industry, on average, is over-complying with the first several years of the National Program," regulators said, noting rapid advances in efficient powertrains, aerodynamics and lightweighting.

That's not to say progress has been easy. Hitting the ever-tighter targets requires costly investments in technology

**Regulators also are revisiting their assumptions, a big reason why the National Program is so groundbreaking.**

and some gambling on which technologies consumers will embrace. Not hitting the targets is about to get costlier, too.

But meaningful progress is being made. And that's because the industry seized the opportunity to question its assumptions about what's possible.

Regulators also are revisiting their assumptions, a big reason why the National Program is so groundbreaking. The agreement, which went into effect starting with the 2012 model year, was forged at a time when gasoline cost closer to \$4 a gallon than \$2. It envisioned a U.S. model mix dominated 2-to-1 by cars. That no longer computes. So the projection of a 54.5-mpg light-vehicle fleet by the 2025 model year will be reset to reflect a more even car-truck split.

It's possible that this draft report will become a political football contested by the environmental lobby and opponents of federal regulation.

Regardless of the political tussling, it's worthwhile to recognize how far the industry has progressed since 2012 on improving vehicle fuel economy. A well-reasoned, data-driven regulatory standard that is plenty strict, attainable and sustainable in the marketplace is a victory for both the auto industry and U.S. society.

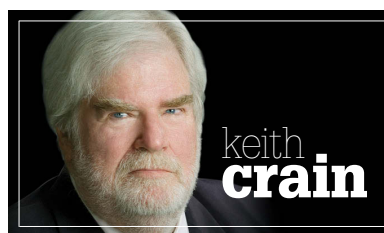
### COMMENT

## Switch to 48 volts? Not so fast

Every five years or so, you hear scuttlebutt that sometime soon a luxury car is about to replace its 12-volt electrical system with a battery that will be able to handle all the electronics now being developed for automobiles. Replacement with a 48-volt system is supposed to be planned.

The last time we switched voltage in cars was way back in the mid-1950s, when we went from a 6-volt system to a 12-volt system. Except for a few stragglers, the entire industry switched around the same time.

Back then, it became painfully obvious that the 6-volt system was inadequate to handle modern automobiles, and everyone seemed involved in the switch. Today it is still possible to get 6-volt parts, but they are definitely in the old-car section of



keith  
crain

the parts catalog.

Everyone has heard rumors that some cars are about to switch. While that's possible, it seems far-fetched to change a small portion of global production to a different voltage. It would be a nightmare to service two systems.

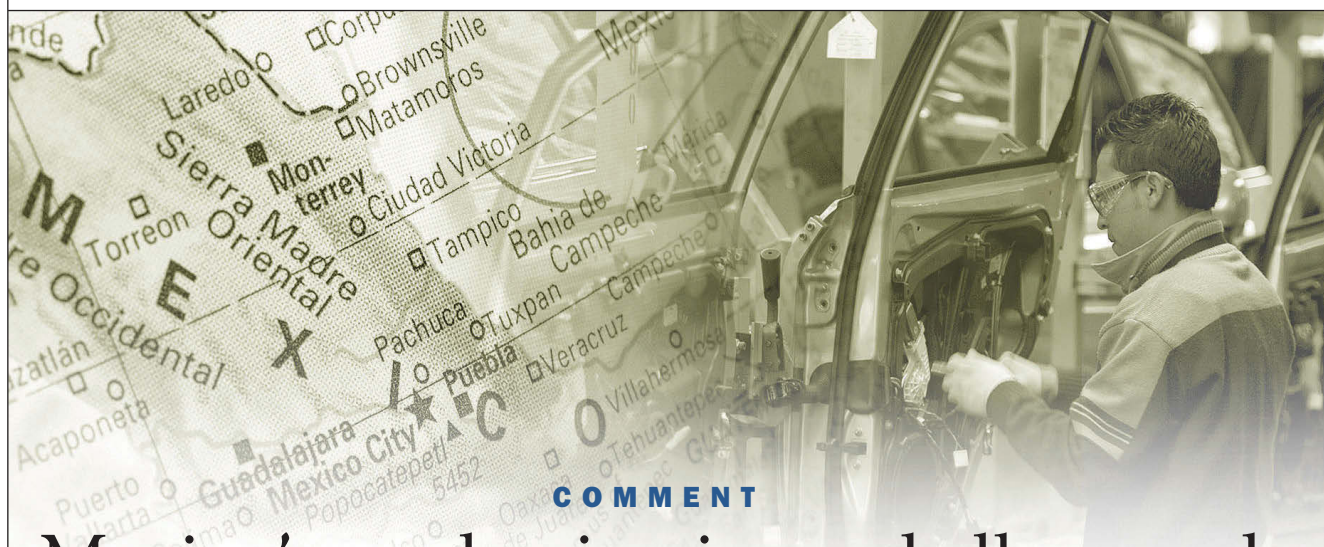
I have heard good reasons why it will be necessary to go to a higher voltage system rather than stay with 12 volts. Certainly for a time it would be more difficult to have a completely different

list of parts for newer cars. If the entire model year were changed, it would make the aftermarket quite a bit easier.

I am told that with the increasing number of electronic systems in today's vehicles, a more robust system will be necessary. Everyone seems to acknowledge that we're going to have to convert to a higher voltage system at some point. Everyone seems to conclude that a 48-volt system is the answer.

I would hope that a change would be preceded by a long announcement period to allow everyone — manufacturers, dealers and the aftermarket — to be prepared.

With the massive effort required to switch, the industry is going to need quite a bit of lead time. I hope the first announcement is a couple of years away.



### COMMENT

## Mexico's awakening is good all around

The belated awakening of Mexico's new-vehicle marketplace is a big deal. It's good news all around, something that ought to put smiles on the faces of everybody in the global auto industry.

Certainly the biggest smiles are in Mexico — new-vehicle owners, automakers, suppliers and dealers — after 2015 sales there jumped 19 percent to 1.35 million and finally



Jesse Snyder is opinion page editor for Automotive News.

broke the record set in 2006.

But the recovery in Mexico's sales is ultimately also good for auto industry employees in the U.S., Canada and elsewhere.

For the past decade, Mexico has been out of balance when it came to automobiles. On the production side, it's

been great. Light-vehicle manufacturing has boomed. Between 2005 and last year, output more than doubled to 3.5 million vehicles as several automakers expanded capacity or opened assembly plants.

Mexico built itself into an auto export machine, founded on not just low labor costs and geography, but also the Mexican government's pursuit of

favorable trading pacts with dozens of other countries to supplement tariff-free access to the U.S. and Canada through the North American Free Trade Agreement.

But over the same period, sometimes labeled as a lost decade, the Mexican domestic auto market has been as dry as the Sonoran Desert. New-car volume was swamped by a flood of U.S. used cars after a 2005 legal change opened Mexico's northern border.

From a peak of 1.5 million used-car imports in 2006, the flow fell below 200,000 last year, and Mexican new-vehicles sales are jumping.

This new-found balance has stabilized the auto industry in Mexico and is a steadying influence throughout North America.

But the biggest impact on Mexico is going to be psychological and social. The automobile doesn't just fill people's wallets but now also their hearts.

Weird as it may sound, I'm convinced that new cars make entire neighborhoods, whole towns, feel better, more confident.

As a child, I saw it in my own neighborhood on Detroit's west side. Everybody had a car. But a new ride — a car purchased new as opposed to used — was a point of pride. Buyers just felt better about the world.

I saw it again in Central Europe last decade. In 2004, as 10 more countries

joined the European Union, those smoky Trabants disappeared from the motorways. Vehicle production grew rapidly in Poland, the Czech Republic, Slovakia and Hungary and fed local economies.

Soon, low wages started to rise. As they did, more locals started buying cars, and slowly, more of them started buying new cars.

In short, the auto industry has long been a driving force in creating and building middle classes. It did in the U.S., Western Europe and Japan. It's been doing it in Eastern Europe, Korea, China and other developing markets, including Mexico.

One sure sign that those economies are taking off, that they are generating stable middle classes, is rising new-vehicle demand. And now that's happening in Mexico.

There's plenty of work to be done yet. Mexico's million-plus auto sales for 110 million people still pales next to the U.S. market, with triple the population but 13 times the car market.

But demand is burgeoning in Mexico while it's virtually flat in the mature U.S. and Canadian markets. For North American automakers and suppliers, a NAFTA growth market is a welcome sight.

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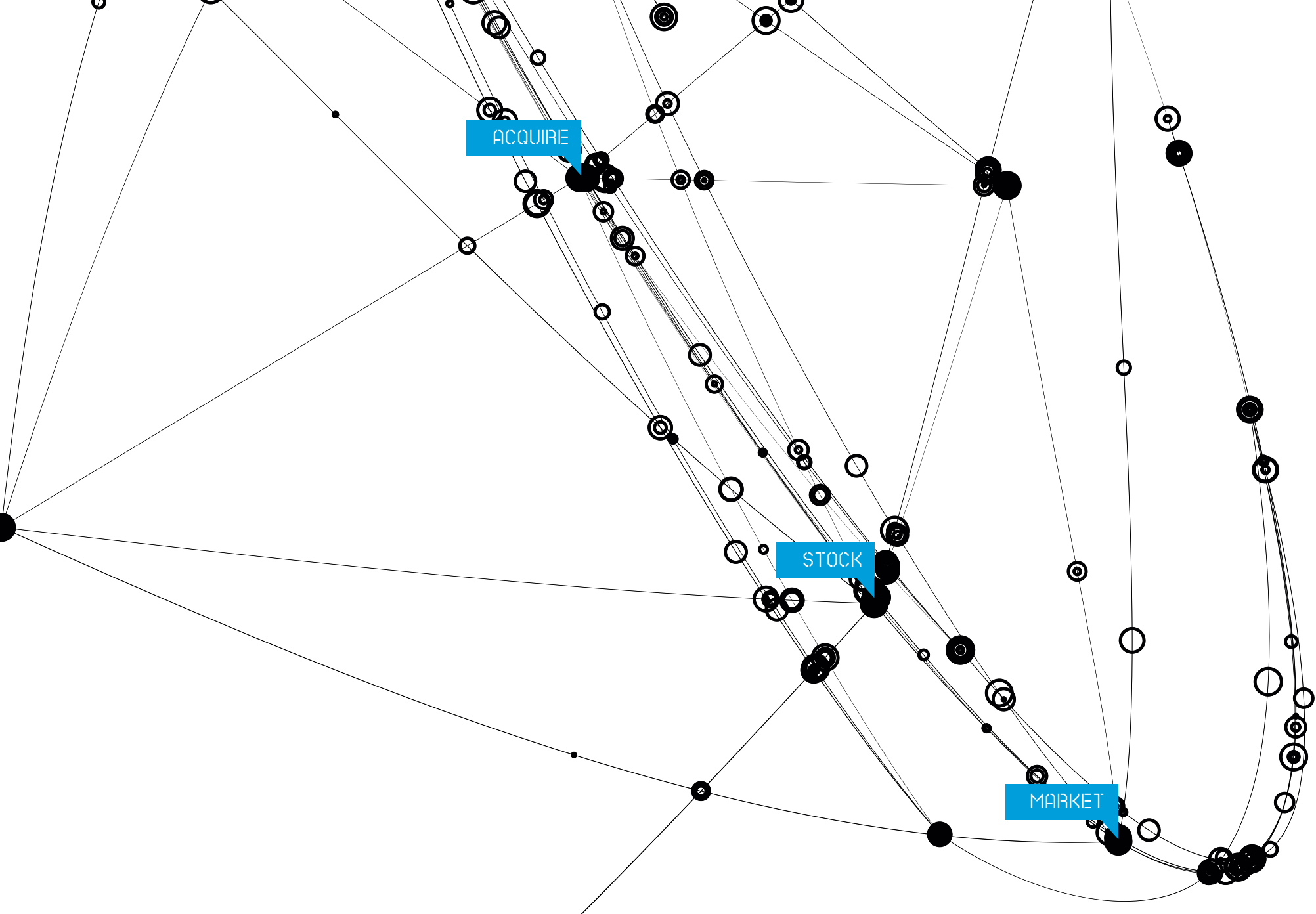
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Aaron Rosenthal's Wyper app lets shoppers swipe through images of new and used vehicles from more than 29,000 dealership sites.

## Vehicle-shopping app swipes a dating idea

### 'Tinder for Cars' thrives on user feedback

Vince Bond Jr.  
vbond@crain.com

Web developer Aaron Rosenthal knows all about the wonders of online matchmaking.

The tech maven found his girlfriend through the popular dating app Tinder, which uses the data it gathers to match people up. The system, Rosenthal says, will work for you if you let it.

Now Rosenthal, 40, is applying that matchmaking mindset to the car business with a vehicle research app called Wyper — which he likes to tout as “Tinder for Cars.”

Wyper, which collects information on user likes and dislikes to tailor the experience, lets car shoppers swipe through images of new and used vehicles gathered from more than 29,000 dealership sites across the country.

It also draws on sources such as eBay Motors and other private listings to fill out a database of more than 2 million cars. The app, which allows consumers to list their own vehicles as well, only displays listings from reputable sources that are directly selling their own inventory.

### Expanded market

Each search listing page shows a photo of the vehicle. Users who click through are sent to the website of the store that is selling it. People can contact the dealership anonymously through the app via text or phone.

Wyper, of Irvine, Calif., is geared toward consumers, but Rosenthal told *Automotive News* there's a payoff for dealerships, too, by extending their potential market area.

The app allows for rapid-fire vehicle searches that can quickly end up with users looking at inventory from stores as far as 200 miles away — turning them into leads for dealerships that those shoppers might never have discovered otherwise.

“The value is honestly on the dealer because when we do send the visitor to the dealer, the dealer is going to have a lot higher chance of closing that deal because of how low of a funnel shopper we give them,” said Rosenthal.

Jared Merrell, owner of Maserati of Anaheim Hills (Calif.), said he believes Wyper is being introduced at an ideal time as consumers increasingly turn to their mobile devices to car-shop. Merrell has had cus-

tomers come through his door after finding vehicles on Wyper.

“Wyper and its ability to utilize technology while helping the customer find the best car possible is just what this industry has needed to move forward with the growing number of mobile shoppers,” Merrell said in a statement. “We are thrilled at what Wyper has done for our customers and are eager to see what they come up with next.”

Wyper is powered by the AU.TO organic search engine that Rosenthal also developed, and it aggregates dealership reviews from sites such as Yelp and Edmunds.com to further inform users.

### Predictive search

Wyper's predictive search platform thrives on user feedback. As people swipe through vehicles and down-vote certain models, Wyper picks up on their preferences and shows them only what they came to see.

Users can prioritize searches based on models, vehicle categories, colors and engines, among other factors. Wyper adapts listings to what people like as they swipe past vehicles and remembers user profile preferences after they leave.

People can eliminate vehicles from their search results by choosing to dislike factors such as price, color, model and mileage. Wyper gathers data on a communitywide basis as well to determine in-demand vehicles on the app that should appear highest initially during searches.

Wyper is competing for mobile traffic with numerous third-party sites, such as Autotrader.com, Cars.com and CarGurus.

Rosenthal broke into the auto industry in 2002 by building websites for car dealerships — including one for his former roommate who owned a used-car store.

Rosenthal said he generates revenue through clicks and by selling leads to third-party sites such as Autobytel.

“The cars that we think would be the best value show up at the top. As users are swiping through the cars, we learn even more,” Rosenthal said.

“The machine learning is similar to the way that Pandora works. The more users use the platform, the more learning that is going on, the more predicted value and interest is being determined.” **AN**

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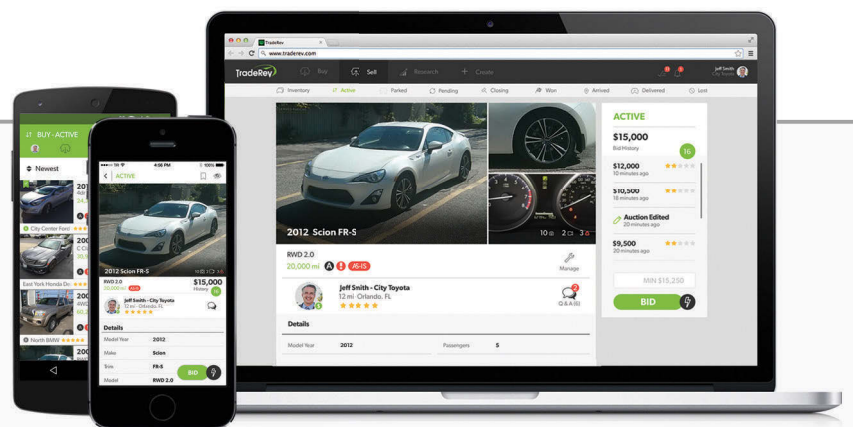
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# the connected car

The Connected Car section covers the companies and people involved in developing communication, information and autonomous-driving technology for the automobile.



Julia Steyn says Maven's role is to "take the friction out" of the process of getting around.

## Maven chief drives GM in a new direction

Steyn leads foray into transportation services

Mike Colias  
mcolias@crain.com

Julia Steyn was persuaded to join General Motors several years ago after she decided that the car business had the power to "change people's lives."

Now she has the opportunity to reshape GM itself.

As head of GM's Maven personal-mobility brand, Steyn is far removed from GM central casting. After many years as an investment banker, Steyn spent time as a high-level executive at aluminum maker Alcoa before GM wooed her to run its mergers and acquisitions business in 2012.

Now she's running Maven, a business venture that GM considers strategically critical. Consider these comments from GM President Dan Ammann in October 2015:

**"It's clear that there's a tremendous interest in the service aspect of transportation."**

Julia Steyn

"By migrating our customer relationship to the mobile device over time, that gives us a platform with which we can then engage with our customers to offer services that are beyond just the traditional owner-driver business model."

That, in a nutshell, is the mission of Maven. Formed in January, the brand has grown rapidly into a test lab for the automaker's experiments in vehicle sharing and transportation services. Maven operates a fleet of cars for luxury condo complexes in Manhattan. It launched a car-sharing service under the Maven name in several cities. It runs the leasing service for Lyft drivers under GM's partnership with the ride-hailing company.

Together, those new services are "building blocks toward a scalable new mobility portal," Steyn said in an interview. "It's a road map to what we perceive will be the future."

She's encouraged by the early results. Customers have logged 2.5 million miles under all of

see **MAVEN**, Page 18



Jaguar Land Rover is testing communication off-road, in which the lead vehicle sends terrain and other info to those following.

JLR tests safety systems that work off-road or in tight spots

## ALL-TERRAIN TECHNOLOGY

Richard Truett  
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**G**AYDON, England — Automakers are close to perfecting the technology that can autonomously guide vehicles along highways with smooth pavement and clear lane markings and signs — the kind of driving humans might handle easily with the cruise control engaged and a single finger hooked on the steering wheel.

But a suite of connected-car technologies under development at Jaguar Land

Rover aims to improve vehicle safety in the kinds of places that might test the limitations of human drivers. That is, the places where Land Rovers might rove.

During a media event this month here at the company's sprawling engineering center — housed on a former Royal Air Force base in the Midlands — JLR officials let media test drive a fleet of vehicles with technologies that can see, steer, connect and measure the space above and around a vehicle, regardless of terrain.

With this effort, JLR is aiming to plant

its flag as the company whose technologies improve safety regardless of where the vehicle is driven.

"We don't want to limit highly automated and fully autonomous technologies to tarmac," said Tony Harper, JLR's head of research. "When the driver turns off the road, we want this support and assistance to continue."

JLR officials wouldn't say how much the company is investing in its autonomous and connected-car research, but they acknowledged it is in the hundreds of millions of dollars — a major commitment for an automaker that expects global sales this



Harper: Don't limit tech.

see **JLR**, Page 18

### ASKED & ANSWERED

#### GILL PRATT

CEO, Toyota Research Institute

**Q: When we talk about autonomous driving, what do you say to people who don't want machines driving for them, who want to drive their own cars? What do you do with the holdouts?**

**A:** We love them. We love the holdouts because our point of view is that it's fun to drive. If the traffic's not too bad, and if you're not in a rush, and the weather's good, there's nothing like driving a car to make you feel good. We believe that fun to drive is a core value for Toyota, and that's from our president on down. Of course, he's a race car driver and loves to drive, and I actually feel the same way.

When you're in a good car, at a good time, and the weather is good and all of



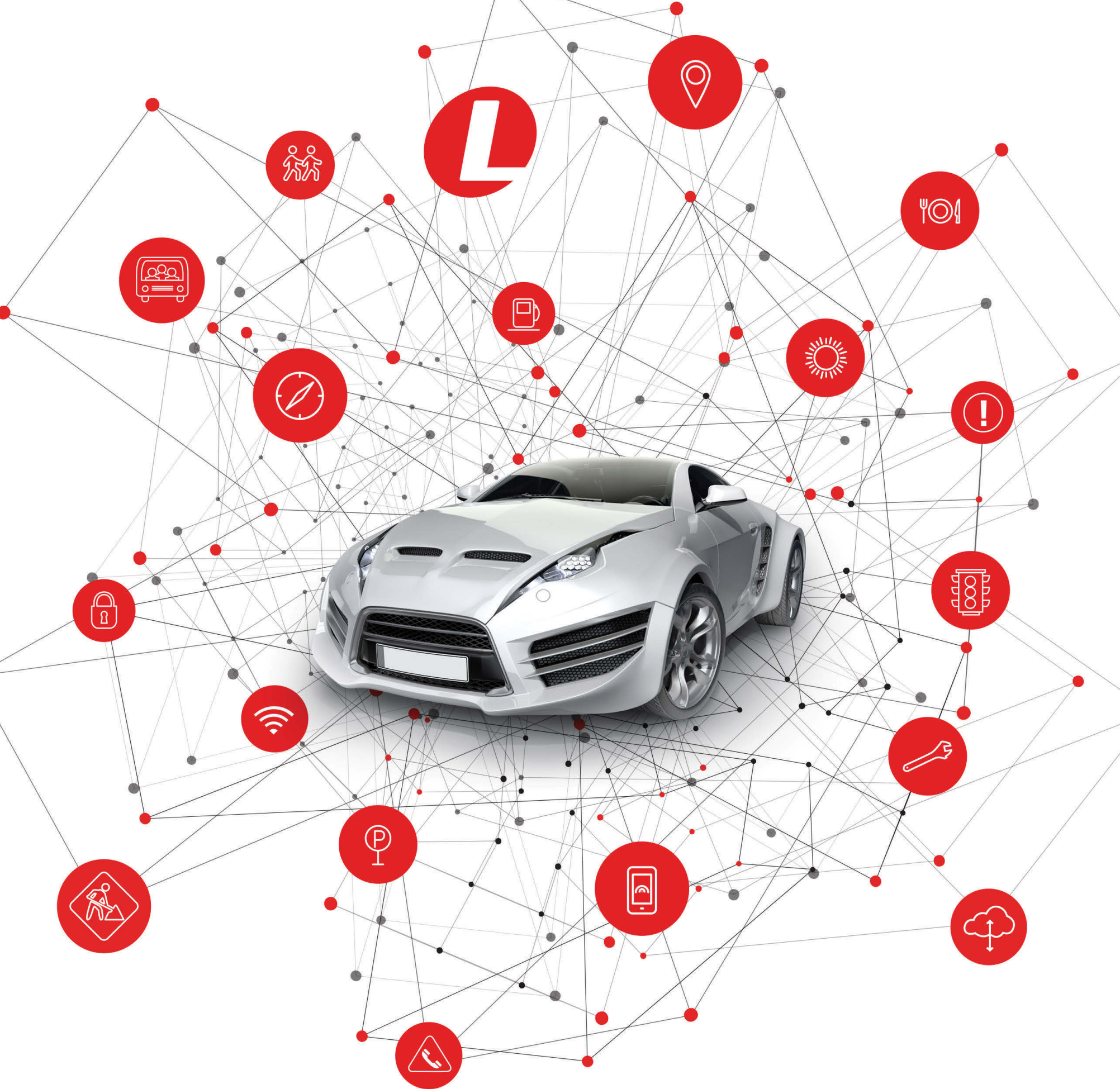
that, the car feels like an extension of your body, and you become this multi-hundred horsepower beast that can just swerve around and do what you want to do. It's an exhilarating feeling.

So our attitude is we want to make cars more fun to drive as well as safer to drive, as well as more convenient to drive, as well as more accessible to drive. If things are so bad, for instance, if you are blind and you want the freedom that a car gives you to get from point A to point B, the car will have to drive for you because you can't see.

You can still enjoy going for a drive in the car, but you're not really the driver. But if you have the ability to drive and the desire to drive, we want to make that experience better and safer.

In an interview with Automotive News Staff Reporter Laurence Iliff at the 2016 Aspen Ideas Festival in June





# Connecting drivers to the world around them.

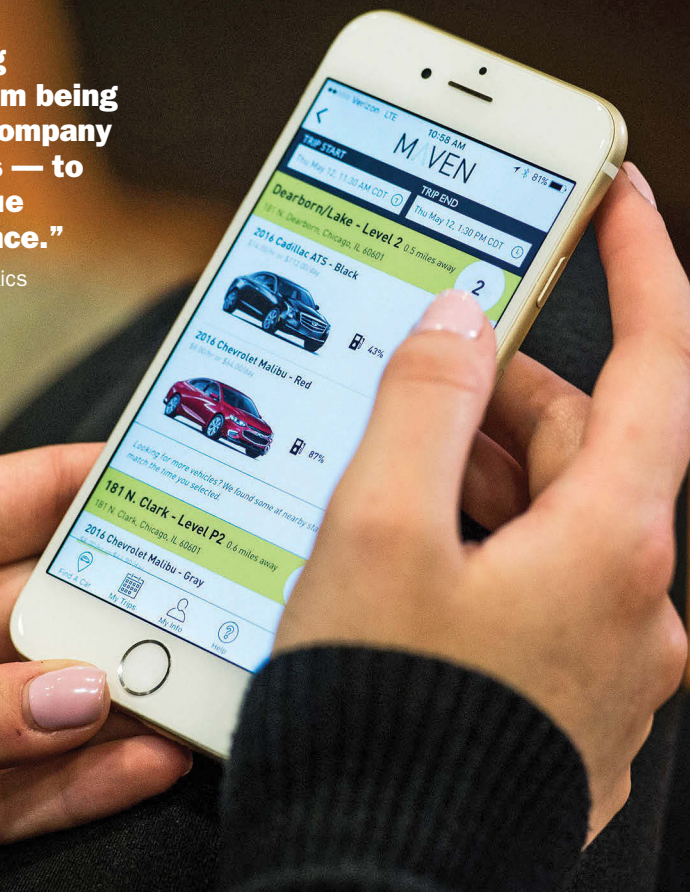
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**“It’s a business-changing moment for GM to go from being a business-to-business company — selling cars to dealers — to offering a consumer value proposition and experience.”**

Roger Lancot, analyst, Strategy Analytics

Maven customers use an app, right, to find a nearby car, below, reserve it, and remotely start it and unlock the doors.



## MAVEN

### Detroit office has about 50 workers and a startup vibe

continued from Page 16

those services. Demand for cars in the Lyft leasing fleet far outstrips supply. The customer demographics are broader than GM expected, too. Steyn’s team figured the car-sharing business in the college town of Ann Arbor, Mich., would contract in the summer when the students left town. But it continued to grow — most of its customers are in their 30s and 40s.

“It’s clear that there’s a tremendous interest in the service aspect of transportation,” Steyn said.

Maven’s role, she said, is to “take the friction out” of the process of getting around. Under the Maven car-sharing service, for example, customers use an app to find a nearby car, reserve it, remotely start it and unlock the doors. The Maven+ service at the Ritz Plaza and other swanky apartment buildings in New York eliminates the need for customers to deal with street parking restrictions — hassles Steyn knows well as a New Yorker.

It’s a smart strategy for GM to focus on “all of those pain points” of car ownership and getting around, says Roger Lancot, an analyst at research firm Strategy Analytics.

But whether Maven can emerge as a force in the fast-evolving world of mobility services remains to be seen, Lancot says.

“It’s a business-changing moment for GM to go from being a business-to-business company — selling cars to dealers — to offering a consumer val-



ue proposition and experience,” he said. “They are not equipped for that. It’s a huge challenge but also a huge opportunity.”

Steyn commutes each week to Detroit, where she oversees a team of about 50 people at Maven’s cavernous, sparse headquarters at GM’s main engineering center. The office has a startup vibe, complete with lounge areas and table tennis. Another 20 Maven employees are in San Francisco, and a growing roster of field staffers push Maven’s head count to more than 100.

A classical pianist who emigrated to the U.S. from Russia when she was 15, Steyn jokes that she’s a “recovering investment banker,” having worked for Goldman Sachs in London, Moscow and New York. She’s glad she listened to GM’s recruitment pitch four years ago.

“I couldn’t imagine a more interesting industry right now to be in with all the changes,” Steyn said. “I have a chance to be at the forefront of that.” **AN**

## JLR

### Software expands data collection

continued from Page 16

year of just over 500,000 vehicles.

JLR has been on a hiring spree and now has 9,000 engineers working at its Gaydon facility, and it has invested in InMotion, a startup that will provide an array of mobility services.

Nearly all of the expanded capabilities demonstrated in the fleet of specially built Range Rover and Jaguar F-Pace utility vehicles and XF and XE sedans make use of existing sensor and camera hardware, but software expands the amount of data collected from the environment around the vehicles. The data are used to power the various applications.

Here’s a look at some of the technologies under development at JLR and how they work.

■ **Surface identification:** JLR believes the key to autonomous off-road driving is the vehicle’s ability to identify the terrain it is about to drive over. Sensors in the front fascia scan the surface 16 feet ahead and can recognize mud, soft sand, grass, gravel and snow. The surface ID data are used to ensure the vehicle maintains maximum traction.

■ **Terrain-based speed control:** A stereo camera — a camera with two lenses — mounted in front of the rearview camera on the windshield reads the area ahead of the vehicle and identifies features such as ditches, hills and surface smoothness. Data from the suspension, steering, restraint system and other sensors also are used to help calculate and adjust speed.

■ **Off-road connected convoy:** JLR is testing car-to-car communication off-road using a short-range communications system to link vehicles. The lead vehicle sends real-time terrain, location and suspension performance data to those following. Data are used to help drivers tackle difficult terrain.

■ **Over-horizon warning:** This system links vehicles to road signs, traffic lights and other vehicles and warns drivers of hazards that are upcoming but not yet in sight, such as a stalled vehicle around a bend.

■ **Cooperative adaptive cruise control:** Perhaps the most impressive and closest to production-ready, C-ACC, as JLR calls it, uses short-range communications and radar-based adaptive cruise control to link vehicles. Essentially, it gives



The over-horizon warning identifies hazards that are not yet in sight.

the driver or autonomous vehicle at the head of a line instant control of braking and accelerating over those following. JLR says C-ACC could improve traffic flow because vehicles could follow each other closely at highway speeds.

The system worked quickly and flawlessly in two XF sedans on a test track here. When the vehicle ahead slowed, the one behind applied its brakes immediately. Unlike today’s adaptive cruise control systems, which react more slowly, there was no accordion effect of speeding up and slowing down with the distance changing between vehicles.

■ **Roadwork assist:** Another almost-ready technology, this one measures the distance on both sides of a vehicle when it is being driven in tight confines, such as through a construction area with narrow lanes. The system uses a stereo camera and image processing software to determine where the middle of the road is. A Jaguar XE test vehicle steered itself through an obstacle course at about 30 mph with cones on both sides of a narrow road.

■ **Overhead clearance assist:** JLR hopes to eliminate a common type of accident among SUV drivers who often forget they have bike racks and luggage carriers on top of their vehicles and damage them on garage entrances and tree branches. A camera measures the height of garage entrances and other obstacles, and the driver is warned if there is not enough clearance.

■ **Safe pull-away:** A stereo camera scans the area ahead of the vehicle and prevents the driver from hitting the back of another vehicle at low speeds. If the camera sees an object in front of the vehicle and senses the driver using the accelerator, the brakes are applied automatically. This one also seems a sure bet for production.

JLR officials didn’t say when any of the connected-car technologies under development would be available in production cars. **AN**

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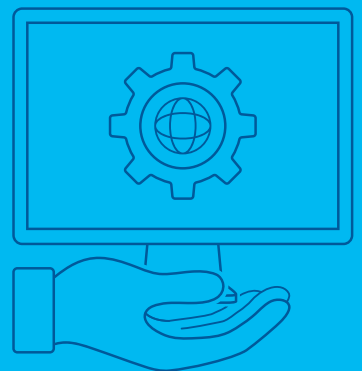
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# No auctions for this used-car manager

His staffers go on the hunt instead, and get paid

**Arlena Sawyers**  
asawyers@crain.com

Jaime Yates doesn't do auctions to find used-vehicle inventory.

The pre-owned sales manager at Axelrod Buick-GMC in Parma, Ohio, believes the money and time he previously devoted to finding and buying quality used vehicles at an auction is better spent mobilizing and incentivizing his sales staff to find the vehicles he wants.

Every vehicle requested and purchased by Yates earns the staffer who found it \$200 on the spot — no waiting for payday.

Staffers pocket \$100 when they buy

## BEST PRACTICES

a vehicle from a customer who came to the dealership as result of a third-party lead paid for by the dealership.

"It gives them a little bit more incentive to do it, to have an extra \$100 or \$200 in your pocket by the time you sign the customer up," said Yates. "They are my army. They go out and they find it."

## 5 years

Those staff-found vehicles, along with trade-ins and vehicles he buys on third-party classified sites and from other local dealerships, provide the dealership with about 80 to 100 used vehicles that he turns every month, Yates said.

Yates has not purchased a vehicle at an auction — physical or online — in five years.

"It's not that I don't like the auction," he said. "I don't think it's the most effective way to acquire vehicles.

"Generally speaking, you're bidding against several other people, and some of those people will get paid no matter how much they pay for the car."

About half of the used vehicles that Yates stocks are taken as trade-ins. Another 10 to 15 percent are acquired through an informal network of local dealers who buy and sell used vehicles among themselves.



**"It's not that I don't like the auction. I don't think it's the most effective way to acquire vehicles," says Jaime Yates, pre-owned sales manager at Axelrod Buick-GMC. Yates lets his staff know via email which vehicles he needs to fill specific product gaps.**

He depends on his staff for the rest.

Yates lets his staff know via email which vehicles he needs to fill specific product gaps during the week or during the month. Staffers are free to search sources such as Cars.com, AutoTrader.com, Craigslist, eBay or anywhere else to find specific vehicles.

The dealership also shops for vehicles among the leads funneled to it by some of those same third-party sites. Yates pays his staff to find vehicles because, he said, "If your sales staff is going to be acquiring vehicles, they obviously are going to be taking themselves off the sales floor."

Still, trade-ins are the single largest source of used-vehicle inventory, Yates said. He will retail just about any vehicle, but his core vehicles are 4 to 8 years old with 40,000 to 75,000 miles on their odometers.

## 'Safety is No. 1'

Late-model General Motors used vehicles tapped for certification undergo inspection and are reconditioned cosmetically and mechani-

cally to meet factory standards. Older, high-mileage vehicles that will be sold "as is" are mechanically inspected and must meet the dealership's safety standards.

"Safety is No. 1," he said. "We've been here since 1974. We've got a pretty big reputation to uphold."

When Yates used to go to auctions to buy used vehicles, it was an all-day affair that required homework the night before. He would pore over lists of vehicles for sale and gather price and vehicle history report data on about 50. Then he would drive about two and a half hours to the auction.

After seeing and touching the vehicles, Yates would cross half off his list before the auction started. He would "get close" to buying about 10 and would actually purchase two or three vehicles.

Buying vehicles online kept him at the dealership but required the same amount of research — and he would not get to see the vehicles before purchase. Then there were the problems

## Avoiding auctions

Axelrod Buick-GMC Pre-owned Sales Manager Jaime Yates hasn't been to an auction in 5 years. Instead, he mobilizes his sales staff to find used vehicles for him, paying staffers \$100 or \$200 per vehicle.

of variances in vehicle condition reports and transportation costs.

## Technology

While he shuns old-school methods of acquiring vehicles, Yates depends on technology to help him fill the dealership's inventory.

For example, he uses an app from Cars.com that enables him to make tentative offers on vehicles on his smartphone at any time or place. It enables him to buy vehicles without paying auction fees and transportation costs.

Also in his arsenal is a used-vehicle inventory management tool from vAuto Inc., of Cox Automotive, that provides him with data about which used vehicles to buy and at what price to reach his profit goals.

Over the last few months, a new Cox Automotive product, Stockwave, that determines which used cars a dealership needs and searches for them at auctions nationwide, has caught Yates' attention. He said the tool doesn't solve his issues with condition reports and transportation costs, but he is intrigued with it, nonetheless.

"It's a lot more efficient than the old way. It narrows down the research for you," he said. "It's something we're looking into." **AN**



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# Diesels still coming to America, Mazda says

**Hans Greimel**  
hgreimel@crain.com

YOKOHAMA, Japan — Cleaner, sportier diesel engines were a big part of Mazda's Skyactiv platform overhaul that began taking shape in 2011.

But five years later, the long-delayed diesels still haven't hit the U.S., and there is no sign they will arrive before Mazda moves on to its second generation of Skyactiv technologies in 2019.

Mazda Motor Corp. CEO Masamichi Kogai said Mazda still plans an American diesel debut — and even has an internal timeline for the launch. But he is not saying when.

"We are not giving up," Kogai said of the U.S. diesel ambition during the July 14 unveiling here of the Mazda3 sedan and hatchback mid-cycle refresh. "We have a timeline."

Kogai, 61, declined to give specifics about the timing but said he wants the diesel drivetrain introduced stateside while he's still at the helm.

Hiroyuki Matsumoto, general manager of Mazda's vehicle development division, said he is confident engineers will achieve the right balance of diesel driving performance and clean emissions that so far has eluded Mazda for the U.S. market.

Mazda has been stymied in its

Skyactiv product plans by stringent U.S. emissions standards. U.S. rules require an emissions treatment that saps driving performance from the otherwise spunky clean diesel Skyactiv-D engines, which have proved to be a big hit in other markets, including Japan.

"Environmental performance must be compatible with driving dynamics," Kogai said.

The next-generation Skyactiv technologies, dubbed Skyactiv 2, will encompass an overhaul of the entire platform, far more than just the engines, Matsumoto said. He pledged to introduce the second phase by March 2019.

Skyactiv 2 will pick up where the first generation left off, focusing on lightweighting, better ride and handling, and improved fuel economy, he said.

A new gasoline engine now under development will be 30 percent more efficient than the current Skyactiv powerplants, the company said.

Mazda engineers expect to reach the new levels by cranking up the engine's compression ratio to 18:1 from the current 14:1. Higher engine compression tends to improve fuel economy by allowing a leaner mix of fuel to combust. **AN**



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Marianna, FL

**RAMSEY NISSAN**  
Raymond Van Duren  
Upper Saddle River, NJ

**RAY BRANDT NISSAN**  
Raymond J. Brandt  
Harvey, LA

**RICK HILL NISSAN**  
Rick Hill  
Dyersburg, TN

**ROCKAWAY NISSAN**  
Patrick Dibre  
Inwood, NY

**ROSEN NISSAN**  
Jeffrey M. Rosen  
Milwaukee, WI

**ROUNTREE-MOORE NISSAN**  
Andrew T. Moore  
Lake City, FL

**ROYAL PALM NISSAN**  
Manny Tavares  
Royal Palm Beach, FL

**SANSONE JR'S 66 NISSAN**  
Paul J. Sansone, Jr.  
Neptune, NJ

**SERAFINI NISSAN**  
Nicholas G. Serafini, Jr.  
Vestal, NY

**SHEEHY NISSAN OF MANASSAS**  
Vincent A. Sheehy IV  
Manassas, VA

**SMITHTOWN NISSAN**  
Tom Rubio  
Saint James, NY

**SONORA NISSAN**  
Theodore M. Hook  
Yuma, AZ

**SORG NISSAN**  
Toby D. Sorg  
Warsaw, IN

**SOUTHWEST NISSAN**  
Charlie W. Gilchrist  
Weatherford, TX

**ST. CHARLES NISSAN**  
Kevin A. Maher, Sr.  
Saint Peters, MO

**SUTHERLIN NISSAN ORLANDO**  
George Sutherlin  
Orlando, FL

**TAMAROFF NISSAN**  
Jeffrey L. Tamaroff  
Southfield, MI

**TEAM NISSAN**  
Steven M. Wallace  
Oxnard, CA

**TENNESON NISSAN**  
Travis K. Ostrom  
Tifton, GA

**TEXAS NISSAN OF GRAPEVINE**  
Johnny Cantrell  
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**TROPHY NISSAN**  
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Mesquite, TX

**UNIVERSAL CITY NISSAN**  
Michael Sage  
Los Angeles, CA

**UNIVERSAL NISSAN**  
William A. Nero  
Orlando, FL

**VADEN NISSAN**  
Jane Vaden Thacher  
Savannah, GA

**VADEN NISSAN OF STATESBORO**  
Jane Vaden Thacher  
Statesboro, GA

**VALLEY NISSAN**  
Roger L. Weibel  
Longmont, CO

**WEST COVINA NISSAN**  
Joseph Sage  
West Covina, CA

**WEST HILLS NISSAN**  
Michael S. McWilliams  
Moon Township, PA

**WOOD MOTOR COMPANY**  
John S. Wood  
Harrison, AR

**WOODBURY NISSAN**  
Tina C. Wright  
Woodbury, NJ

**WOODFIELD NISSAN**  
William A. Slevin  
Hoffman Estates, IL

**YARK NISSAN**  
John W. Yark  
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**WOODFIELD NISSAN**

William A. Slevin  
Hoffman Estates, IL



## LEGAL FILE

## Judge allows dealership discrimination suit to proceed

**Eric Freedman**  
autonews@crain.com

An African-American car salesman who claims he was subjected to his manager's racially derogative remarks and then wrongfully fired for complaining can pursue a discrimination and retaliation suit against a Nashville dealership, a federal judge has ruled.

U.S. District Judge Marvin Aspen said John Pendleton, who worked at Bob Frensley Chrysler-Jeep-Dodge-Ram Inc. from Feb. 26, 2014, to April 26, 2014, presented enough evidence to go to trial on all his claims against the dealership and former new-car manager Thomas Mowell.

The suit alleges that Mowell made "racially inappropriate comments every day" and that Pendleton felt "it was sickening just having to work there or be around" Mowell. The suit also claims that Pendleton complained to Mowell and another Bob Frensley manager to no avail and that neither of them informed the dealership's owner.

Pendleton said he was fired after an argument with two white salesmen, who, to his mind, were trying to take away a sale from him, according to the decision. One of the salesmen allegedly punched Pendleton, according to the decision. The white salesmen were not fired nor suspended, although the alleged assailant received an "employee warning."

The dealership and Mowell deny all the allegations and said Pendleton wasn't fired but was "administratively discharged" for failing to come to work for three days after the confrontation, according to the decision. The dealership's lawyer didn't respond to requests for comment. Mowell's lawyer, Daniel Olivas of Nashville, declined to comment.

Mowell was fired by the dealership in December 2014, Pendleton's lawyer, Douglas Janney III of Nashville, told *Automotive News*.

According to the decision, a second African-American salesman had been similarly terminated by the dealership after a separate incident with one of the same white salesmen. The white salesman was not terminated for that incident. The second African-American salesman returned to work at the dealership in January 2016 under a new manager, according to Janney.

In his ruling, the judge said Pendleton offered sufficient evidence of racial discrimination, a hostile work environment and retaliation to send the case to a jury trial. He also allowed Pendleton to seek punitive damages at the trial scheduled to begin Sept. 12.

According to Janney: "A lesson from the case is that dealerships should be cautious about who they place in management positions, check references on those individuals from previous supervisors — and not just from friends — and conduct thorough, legitimate and nonbiased investigations of discrimination complaints when they receive them." **AN**



### Iowa dealers elect officers

The Iowa Automobile Dealers Association elected 2016-17 officers. Pictured, from left, are **Jeff Haun** of Riley Mazda-Subaru-Mitsubishi in Dubuque, secretary; **Jim O'Halloran** of O'Halloran International in Altoona, vice chairman; **Brad Deery** of Deery Brothers of West Burlington and Deery Brothers Chevrolet in Pleasant Hill, chairman; **Jeff Weber** of Anderson-Weber Toyota-Scion-Lincoln in Dubuque, immediate past chairman; and **Jeff Finch** of Wes Finch Auto Plaza in Grinnell, treasurer.

## dealers



### Silver dealer

**Leroy Royston**, left, owner of Royston Chrysler-Dodge-Jeep-Ram in Morristown, Tenn., received a 25-year award for Chrysler and Dodge from Fiat Chrysler. Bill Garland, right, is managing partner.



### 25 with Cadillac

**Rory Griggs**, left, dealer principal at Velde Cadillac-Buick-GMC in Pekin, Ill., receives a 25-year award for Cadillac from Jason Jakovich, Cadillac zone manager in the north central region.

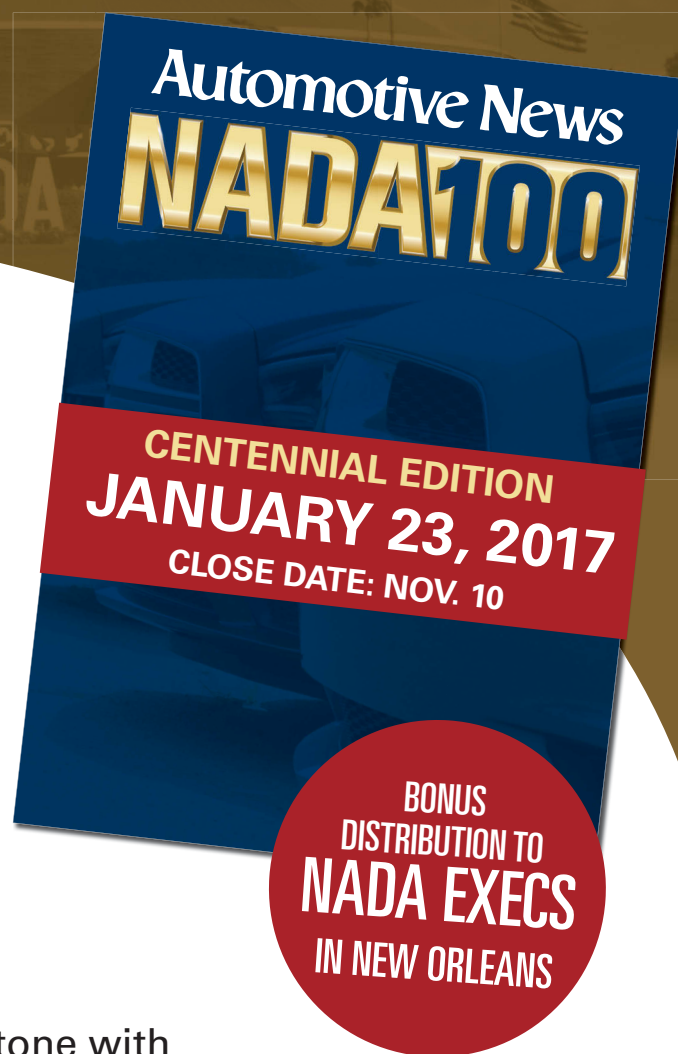
# Salute NADA

In 2017, the National Automobile Dealers Association will celebrate a century of serving and representing franchised new-vehicle dealers in the United States.

*Automotive News* will mark this milestone with a special issue dedicated to NADA, to be published on January 23, 2017.

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## PART 2 JAPAN: TOYOTA | LEXUS | NISSAN | INFINITI | HONDA | ACURA

### Japan 3 chart their own courses

**V**olume. Efficiency. Excitement. Japan's big three automakers have set their sights in different directions as they craft their product plans over the next few years.

Toyota and Lexus are using a corporate transition to new modular global platforms to usher in better driving dynamics and more daring styling to their lineups. That transition began with a sportier Prius launched last year and continues with the C-HR, a highly stylized small crossover arriving in North America next year. Toyota's lineup also absorbs three youth-focused models from the soon-to-be-extinguished Scion brand. Lexus' dazzling LC 500 sports car, a pet project of Toyota Motor Corp. President Akio Toyoda, arrives this year.

Nissan is targeting trucks in the near term, but with a

broader objective of coaxing more volume from its bread-and-butter products through more rapid refreshes and better-equipped models. Nissan's plans include a major midcycle freshening of the Pathfinder crossover and a new base-model Rogue. Infiniti, meanwhile, will get three new engines, including a 2.0-liter turbo shared with Daimler under its partnership with Renault-Nissan.

At Honda, the next 12 months will usher in redesigns of three core models: the Accord, Odyssey and CR-V. The pioneer of gasoline-electric hybrids in the U.S. also is going all-in on fuel-efficient alternative powertrains, introducing its Clarity-branded line of cars followed by hybrid or plug-in variants of mainstream models on both the Honda and Acura sides, including the CR-V and Acura RDX crossovers. **AN**



**Lindsay Chappell**, who is based in Nashville, writes about Nissan and Infiniti for Automotive News.



**Laurence Iliff**, who joined Automotive News in March, covers Toyota and Lexus. He is based in Dallas.



**David Undercoffler**, who is based in Los Angeles, covers Honda and Acura for Automotive News.

#### 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.

■ **New:** A nameplate added to the lineup.

## Toyota plans to deliver a more dynamic future

**Laurence Iliff**  
liliff@autonews.com

**Y**ears of planning are now bearing fruit as Toyota puts more of its vehicles on the new global modular architecture that debuted on the fourth-generation Prius for 2016.

The move to global platforms goes

beyond cost savings. The Toyota New Global Architecture offers a lower center of gravity and more modern suspensions and is supposed to deliver some of the sporty verve that Toyota is eager to infuse into the brand. The new C-HR crossover is part of that bet on a more dynamic future, as is the coming Camry redesign. Meanwhile, change

comes more slowly to the company's stable of stalwart truck-based SUVs.

**Yaris:** The modest subcompact received a refresh for the 2015 model year punctuated by the brand's move toward bigger and bolder front grilles.

see **TOYOTA**, Page 28



**2017 Toyota Prius Prime** arrives in the fall.

#### TIMELINE

	2016 2ND HALF	2017	2018	2019	2020
<b>Toyota</b>	Yaris iA* Corolla freshen Corolla iM* 86* freshen Prius Prime debut Highlander re-engineering	Camry, Camry Hybrid redesign Prius V redesign C-HR debut Sienna re-engineering	Yaris redesign Avalon redesign Prius C redesign 86 redesign Supra successor debut? RAV4 redesign	Corolla redesign Corolla iM redesign? Highlander redesign Sierra redesign Tundra redesign	Sequoia redesign
<b>Lexus</b>	LC 500 debut	LS redesign RX 3-row debut	CT redesign? NX redesign	IS, ES redesign GS redesign	
<b>Nissan</b>	Pathfinder freshen Titan half-ton launch Armada redesign Rogue variation launch	Frontier redesign Murano freshen	Juke redesign Altima redesign Versa redesign	Leaf redesign Micra launch?	
<b>Infiniti</b>	QX30 launch Q60 redesign QX60 freshen	Q50 freshen Q70 redesign QX70 redesign	Q80 launch? QX80 redesign	QX50 redesign	
<b>Honda</b>	Civic hatchback debut Clarity FCV debut Odyssey redesign	Fit freshen Civic Type R debut Civic Si debut Civic Hybrid or PHEV debut Accord redesign Clarity EV debut Clarity PHEV debut CR-V redesign	Redesigned Accord Hybrid or PHEV debut HR-V freshen CR-V Hybrid or PHEV debut Pilot re-engineering	Odyssey freshen/re-engineering	Ridgeline freshen
<b>Acura</b>	TLX freshen/re-engineering	ILX redesign CDX debut?	RDX redesign	RLX redesign RDX Hybrid or PHEV debut MDX redesign	TLX redesign



**2017 INFINITI QX30**

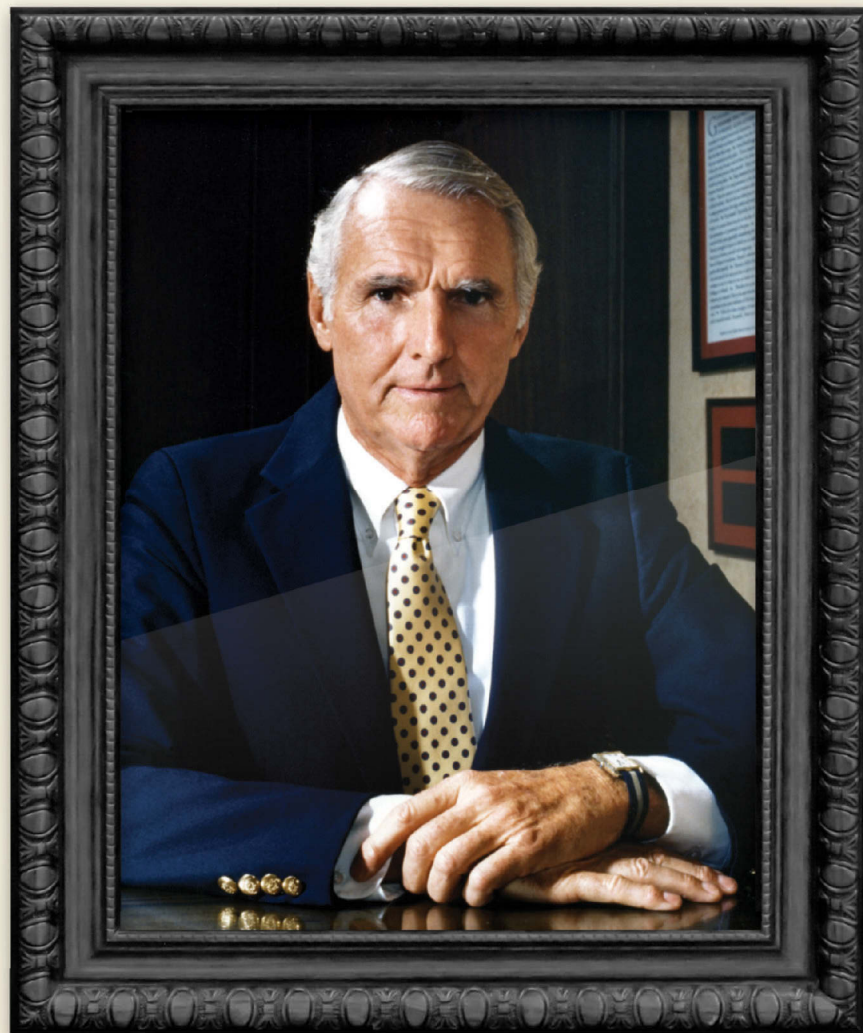


**2017 HONDA CIVIC HATCHBACK**

\*Former Scion model

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# Lexus' sexy, sporty flagship leads the way

## More models will move to updated platform

Laurence Liff  
lliff@autonews.com

Lexus has been busy in recent years with regular updates to its top products while also adding models to fill out its portfolio as it battles mano-a-mano with its German rivals. As such, it has less freshening to do than its more modest stablemate.

That said, several Lexus models will be moving to the Toyota New Global Architecture platform in coming years. Meanwhile, the new RC and coming LC 500 are leading the brand's shift to a sexier and sportier vibe.

**CT:** Like its cousin, the Toyota Prius, the CT hybrid will be moving onto the updated TNGA platform as expected. But that full redesign isn't likely next year. Toyota Motor Corp. has to pick its shots in the supersoft hybrid market, and it just delivered both a new Prius and the plug-in Prius Prime.

The CT got a full refresh for the 2014 model year and a few feature updates for the 2016. That should likely hold it in place at least until 2018.

Indeed, with shifts in consumer tastes, nursing a hybrid car such as the CT may prove less appealing to Lexus than adding a small crossover, like a luxe version of Toy-

ota's C-HR due out next year. That has led to speculation in some enthusiast quarters that the CT will re-emerge on the TNGA platform in the form of a crossover with a different name.

**IS:** A well-received 2016 model year refresh gave the sport sedan a heavily creased front fascia that echoes the RC coupe and the upcoming LC 500, along with interior improvements like a bigger multimedia display and the brand's latest safety systems. The lean and mean look is likely to hold the IS until 2019 or so before it's time for a redesign.

**ES:** The sedan received

a light refresh for the 2016 model year, as did the Toyota Avalon that it is based on. The V-6 sticks around, and a full redesign is expected in 2019 when it moves to the TNGA modular platform.

**RC:** The "radical coupe" was new for 2015 and continues in all its over-the-top glory with no immediate plans for significant tweaks.

**GS:** The midsize four-door received a refresh for the 2016 model year, adding a four-cylinder turbo and the eight-cylinder motor found in the GS F. Look for a redesign in 2019.

**LS:** The original Lexus luxury sedan is due for a redesign in 2017 as a 2018 model. It's expected to continue with the combination of a traditional V-8 and rear-wheel drive. The LS hybrid likely lives on. A V-6 could be offered as well.

**LC 500:** The LC 500 was unveiled at the Detroit auto show in January, and it will become the brand's flagship coupe, starting off with the 5.0-liter V-8 from the RC F and GS F. Low-slung and with rwd, it likely will start at around \$100,000 and show up later this year.

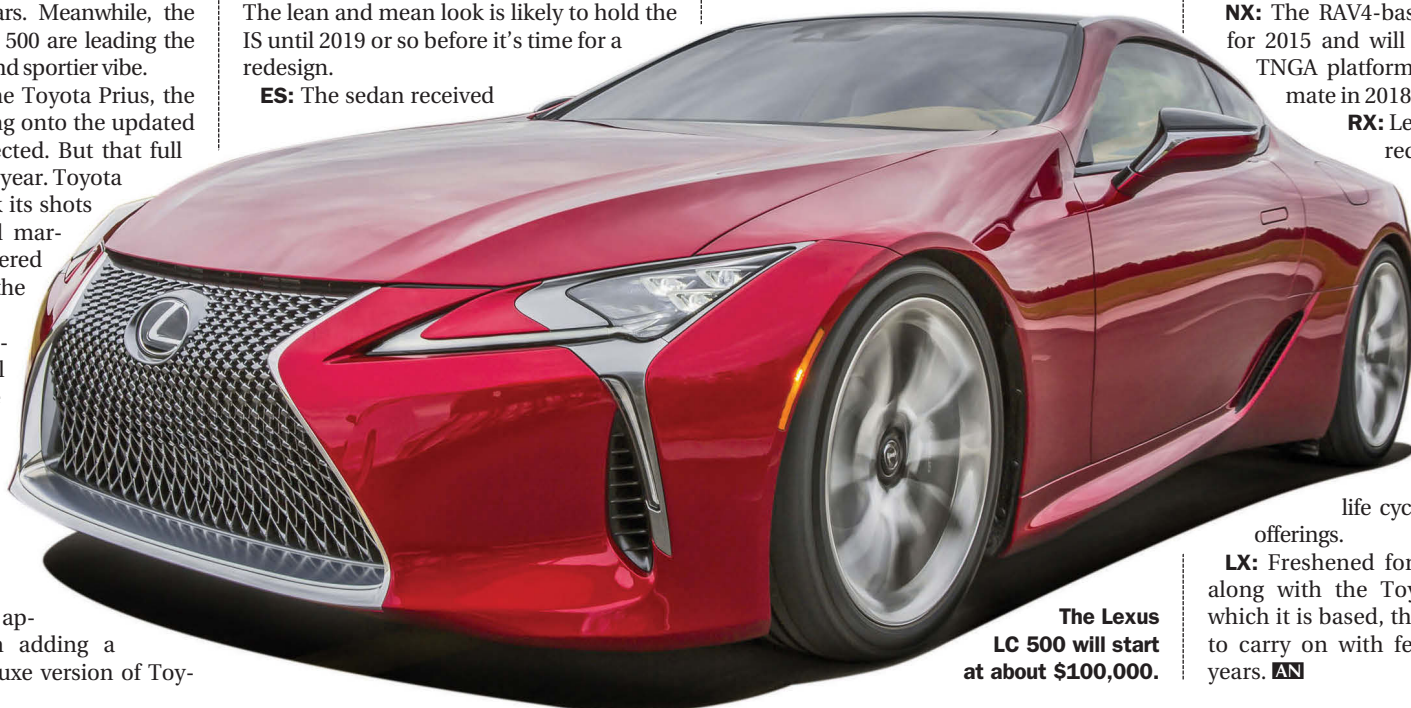
**NX:** The RAV4-based crossover was new for 2015 and will probably move to the TNGA platform along with its stablemate in 2018 or 2019.

**RX:** Lexus' volume leader was redesigned for the 2016 model year with a huge front grille. The big news for the nameplate is the arrival of a three-row version sometime next year.

**GX:** The midsize body-on-frame luxury SUV continues on with minimal changes. It was last refreshed for 2014 and is on a longer life cycle than the brand's car

offerings.

**LX:** Freshened for the 2016 model year along with the Toyota Land Cruiser on which it is based, the full-size SUV is likely to carry on with few changes in coming years. **AN**



The Lexus LC 500 will start at about \$100,000.

## TOYOTA

continued from Page 26

It's expected to continue with aging mechanicals until a full-blown redesign, probably for the 2019 model year, when it will move to the new TNGA architecture and receive a modern engine and transmission.

**Yaris iA:** The subcompact is new to the 2016 lineup, having migrated from the disappearing Scion brand. Based on the Mazda2 sedan built in central Mexico, the Toyota version for 2017 will be essentially unchanged except for the addition of some trim packages, which Scion shunned. Future updates depend on the Mazda2 life cycle.

**Corolla:** The bread-and-butter compact introduced a special edition as part of its 50th anniversary celebration. That model was available in "absolutely red" paint with blacked-out wheels as part of the slightly refreshed 2017 model, which has a more aggressive front grille, standard backup camera and the Safety Sense P technology package. A 2019 redesign moves the stalwart to the TNGA platform for 2020. It will be built at the first plant built for the new architecture in central Mexico.

**Corolla iM:** The hatchback version of the Corolla, with a body kit and independent rear suspension, came to the U.S. as a refreshed 2016 model to inject some vigor into the Scion brand along with the completely new iA. As a Toyota for 2017, it will get trim levels at different price points, a departure from Scion's "monospec" approach. As the Corolla sedan moves to the TNGA platform in 2019, some version of the hatchback will likely follow.

**86:** The former Scion FR-S, developed in partnership with Subaru, gets a new name to reflect Toyota's nomenclature for the global version of the two-door, four-cylinder fun car. The 86 gets a midlife update for the 2017 model year, with new headlights,

taillights and a few more horsepower in the manual. A redesign will probably come in 2018 and maybe the long hoped-for turbocharged version now that Toyota is trying to sport-up its lineup.

**Camry:** The perennial best-selling car in the U.S. was re-engineered for the 2015 model year, and spy photos have already emerged of what is likely the fully redesigned 2018 Camry. Even with the heavy camouflage, the photos suggest a more rakish body and aggressive front end. The new model will move to the TNGA architecture and is expected to swap out its stepped-gear automatic for a continuously variable transmission. Following industry trends, Toyota also could offer a four-cylinder turbo in place of the V-6. The hybrid also returns for 2018.

**Avalon:** With a refresh completed in 2015, the sculpted full-size sedan isn't likely to have much work done until a full redesign for the 2019 model. It's also expected to keep its V-6 and hybrid four-cylinder engine choices, given the Avalon's demographic and slow sales for big sedans.

**Prius:** The big news for the world's most successful hybrid nameplate is the arrival this fall of the Prius Prime plug-in hybrid that replaces the poor-selling first-generation PHEV. The Prime, unveiled at the New York auto show, has an 11.6-inch touch screen and more dramatic styling than the regular Prius. Both are built on the TNGA platform. The Prime will have over 600 miles of total range thanks to its larger battery, which bumps its EV-only range to 22 miles. The regular fourth-generation Prius went on sale last year. There is no word on updates in the works.

**Prius C:** The small-size Prius is likely to continue on its current platform before a redesign in 2018 or so when it will switch to the TNGA. The market for fuel-efficient cars is so depressed that there likely is little rush to move before then.

**Prius V:** The wagon-style Prius is likely to

get a move to the new mechanicals and TNGA in 2017 or 2018.

**Mirai:** Toyota is delivering limited numbers of the new hydrogen fuel cell Mirai in Southern California and is planning to expand sales to other states with a zero-emission sales mandate. The company has announced plans to develop refueling infrastructure throughout the Northeast. The model is new so there's no talk of its first refresh yet.

**Supra successor:** The collaboration between Toyota and BMW to build their upcoming roadsters on a common rear-wheel-drive platform continues to fuel speculation about a revival of the Supra nameplate, last seen in 2002. Spy photos of what is thought to be the BMW Z4 successor show a rather compact body with a longish nose and rag top. But Toyota's version is expected to look completely different and may not get the convertible treatment at all. Enthusiasts are hoping a Toyota version will look something like the FT-1 concept shown in Detroit in 2014.

**C-HR:** The new C-HR crossover, for "coupe high-rider," will be available in January in Europe; the production model was revealed in Geneva in March. It will be the second Toyota on a TNGA platform.

The highly sculpted Nissan Juke fighter will be assembled in Turkey initially with an available 1.8-liter hybrid engine sourced from Wales. It will come to North America in mid-2017 but probably without the hybrid engine at first in favor of a 2.0-liter gasoline motor.

**RAV4:** The popular crossover introduced a hybrid model after a light freshening for the 2016 model year. A redesign is likely to show up sometime in 2018 or 2019 when it will move to the modular TNGA platform and swap out its stepped-gear automatic transmission for a CVT.

**Highlander:** The midsize crossover gets a re-engineering for the 2017 model year with

some nips and tucks on the styling front, including a Lexus-like grille and more significant mechanical changes, such as a new 3.5-liter direct-injection V-6 and a new eight-speed automatic. Engine stop-start is standard on the V-6 models and a sportier SE trim joins the Highlander family. A full redesign and move to the TNGA platform is expected for 2020.

**Tacoma:** The popular midsize pickup received a full redesign for the 2016 model year, including a direct-injection V-6 and six-speed automatic transmission. No major updates are on the near-term horizon since the model cycle for the truck is typically longer than for Toyota cars. The previous version of the Tacoma endured for a decade.

**Sienna:** The minivan was refreshed in 2015 and is likely to get another partial update next year, with a new automatic transmission and a more modern V-6, before a full redesign in 2019.

**4Runner:** Still running with body-on-frame construction, the niche player continues as a classic SUV that shuns the more car-like crossover class. Its last refresh came for the 2014 model year, and, like the Tacoma, it's likely to stick to a longer life cycle.

**Sequoia:** Toyota's big-boy SUV soldiers on with a truck-based platform that has undergone few changes over the past decade except for equipment updates. A redesigned model is likely in 2020, a year after the next Tundra full-size pickup.

**Land Cruiser:** The legendary full-size SUV received a mild update for the 2016 model year, with a new look in the front, a move to an eight-speed automatic gearbox and new electronic goodies such as a new stereo system and the Safety Sense package. As with Toyota's other big trucks, update cycles will be more drawn out.

**Tundra:** The full-size pickup was last refreshed for the 2015 model year and is likely to stick it out with few changes until a full redesign in 2019. **AN**

# Nissan declares its 'year of the truck'

## Brand also targets volume with big freshenings

Lindsay Chappell  
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**N**ASHVILLE — Nissan has declared this as its “year of the truck,” with fresh changes coming for the Titan, Armada, Pathfinder and Rogue. But in a larger view, the automaker has entered into a new era of product development, focused on volume, major freshenings and more content-rich models.

Later this year, for the third time in two years, the automaker will roll out a midcycle freshening of a core product that goes beyond traditional updates of the past. The 2017 Pathfinder crossover will receive a significant update this year on the same scale that the Altima and Sentra got last year. Company sources say the freshening will represent the most expensive midpoint update in the company's history.

At the same time, a new variation of the Rogue will appear, giving the surging crossover a lower-priced variant based on the popular European Qashqai.

This is the new pattern for Nissan as it

marshals its resources to move higher in U.S. sales volume. Gone are the low-volume marketing distractions of recent years, such as the hybrid Pathfinder and droptop Murano. Now taking over the stage are models intended to drive Nissan to higher sales over the next few years.

**Pathfinder:** The Pathfinder receives a major midcycle freshening for the 2017 model year with a new 3.5-liter, V-6, direct-injection gasoline engine that delivers 284 hp, compared with 260 hp in the 2016 model, and 259 pounds-feet of torque. The crossover's front end and hood have been updated, as well as its rear fascia and headlights.

**Titan:** Nissan's redesigned full-size pickup entered the market in the final days of 2015, but so far, Nissan has produced its high-end XD version only. This fall, Nissan will bring out the Titan's half-ton Crew Cab, expected to generate about 40 percent of Titan sales. At year end or early next year, Nis-

san will introduce a less expensive Titan variant intended to attract fleet and commercial truck buyers, with a V-6 engine option.

**Armada:** The brand's full-size SUV is redesigned for the 2017 model year. It no longer will be built in the United States based on the F-Alpha platform. Instead, it will be imported from Japan, where it will borrow the architecture of Nissan's globally sold Patrol SUV.

The Armada will be slightly longer, gaining 1.2 inches of length despite trimming 2.1 inches of wheelbase, and 2.2 inches lower. But it will feature a more elegant interior, with stitched leather seats, footwell lighting,

step lamps and a suite of active safety features, including predictive forward-collision warning and backup-collision intervention.

**Rogue:** Nissan is fanning the sales flames of its compact Rogue crossover, which now has assembly lines in the U.S., South Korea and Japan fulfilling U.S. dealer orders. Despite the market demand, the Rogue has been selling without the benefit of a low-end model to bring shoppers into showrooms.

That will change this year with the introduction of a Rogue model built in England on the slightly smaller Qashqai architecture and given a low-end price point. Still unclear is which of the Qashqai's smaller en-

see NISSAN, Page 31

The half-ton Crew Cab: Expected to make up 40 percent of Titan sales

The redesigned 2017 Armada will be built in Japan.



# Infiniti's new product wave is rolling in now

Lindsay Chappell  
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**N**ASHVILLE — Infiniti's new North American product campaign launches in the coming weeks with long-awaited fresh vehicles and engines.

The brand will receive a new-generation Q60 coupe, a freshened QX60 crossover and an all-new compact crossover, the QX30, this year. Also, three new powertrains will go into Infiniti vehicles — a turbocharged, 2.0-liter, 208-hp, four-cylinder engine; a 3.0-liter, 400-hp, twin-turbo V-6; and a 3.0-liter, 300-hp, turbo V-6.

Over the next few years, Infiniti will be a leading beneficiary of the global technology-sharing partnership between the Renault-Nissan Alliance and Daimler. Daimler and Infiniti will share a vehicle platform on the QX30, as well as the 2.0-liter engine.

Infiniti also continues to share vehicle platforms with its mass-market sister brand, Nissan. The QX60 is based on the Nissan Pathfinder, and the full-size QX80 SUV now shares its underpinnings with the Nissan Armada and the non-U.S. Patrol. But officials say Infiniti will maintain its own styling, premium features and driving performance.

**QX30:** The British-built QX30 compact crossover will arrive this fall as a 2017 model, filling in a competitive hole in Infiniti's lineup. The crossover shares its chassis and powertrain with the Mercedes GLA as part of the global Renault-Nissan-Daimler product-sharing campaign. But the body design, interior and handling dynamics are pure In-

finiti. The model is rear-wheel drive and will use Mercedes' 2.0-liter, turbocharged, four-cylinder engine.

**Q30:** The car version of the QX30 — a hatchback now offered in Europe as the Q30 — will not come to the U.S., Infiniti and its retailers decided in the final days of 2015. Dealers voiced concerns that the two models were too similar to make them clear to consumers.

**Q60:** A redesigned Q60 compact coupe will debut in the third quarter of this year as a 2017 model, using the architecture and design cues of the Q50 sedan. Infiniti believes the coupe, with a new turbocharged, 3.0-liter V-6, will account for significant volume.

**QX60:** The midsize crossover will receive a significant freshening this fall for the 2017 model year. The midcycle update likely will include a new V-6 engine.

**Q50:** The sedan is in line for a freshening in mid-2017.

**QX50:** Infiniti's 2016 model-year re-engineering of the low-selling QX50 compact crossover stretched the body to create more ample rear seating, and the market is responding positively. Company sources say bigger changes are now in store for the QX50 in a redesign that is likely to come in 2019.

**Q80:** Infiniti will introduce a full-size, four-door fastback in 2018 or 2019, based on the Q80 Inspiration concept sedan shown in 2014. The model will be longer, wider and lower than Infiniti's Q70 sedan and come

with a hybrid powertrain.

**QX80:** Last redesigned in 2010, with a minor face-lift in late 2014, the full-size QX80 SUV is due for a redesign in 2018.

**Q70:** The current Q70 sedan — previously sold as the M — received a major face-lift in late 2014. Its next milestone will be a full redesign to appear no earlier than the fourth quarter of 2017.

**QX70:** The midsize QX70 — formerly marketed as the FX — is now in its ninth model year, and a redesign likely will come in mid-2017. Infiniti hinted at the crossover's design direction this year at the Beijing auto

show with the QX Sport Inspiration concept. The concept has a wider stance than the current QX70. It uses deeper body creases that arch back to a lowered rear roofline. The rounded front corners result in a more pronounced snub-nosed front grille.

**Q50 performance model:** Infiniti continues to study the idea of obtaining a high-performance, \$100,000-plus version of the Nissan GT-R, using the GT-R's hand-built 565-hp V-6. Officials say the on-again, off-again project, originally referred to as the Q50 Eau Rouge, has not been canceled but is not on the front burner. **AN**

The compact QX30 fills a hole in the lineup.



# Redesigns due for 3 core Honda models

## Future lineup looks greener, more turbocharged

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**H**onda's product onslaught continues for 2017, with the next 12 months heralding the launch of next-gen Accord, Odyssey and CR-V models, plus an expanded green footprint and wider proliferation of turbos.

**Fit:** Expect a refreshed Fit to arrive for the 2018 model year with only mild changes. This is Honda's affordability play, so don't expect sweeping changes (or turbos).

**Civic:** The Civic sedan and coupe have had a banner year in 2016, lighting up the sales charts and even rubbing off on Accord sales. This fall both the long-awaited Civic Type R and the Civic Si are expected to be unveiled. Look for the Type R to continue the path of front-wheel-drive, a 2.0-liter turbocharged four-cylinder and output just north of 300 hp. The Si will use the 1.5-liter turbo that's already available in the Civic, but boosted for more power. Both will go on sale in 2017. In the meantime, the Civic hatchback goes on sale by the end of the year.

The biggest unknown is how Honda approaches electrification of the Civic in coming years: plug-in or regular hybrid? Regardless, look for that update in the 2018 or 2019 model year.

**Accord:** The 10th generation of Honda's venerable sedan is due in 2017 as a 2018 model. The redesigned model will ride on the same fwd modular platform as the current Civic. The march of the turbos continues: Expect the base engine to be Honda's 1.5-liter turbocharged four-cylinder, with a 2.0-liter turbocharged four as the optional choice—goodbye, V-6. As with the Civic, expect Honda to add a hybrid (plug-in or normal) to

the Accord nameplate in 2018. A normal hybrid would avoid cannibalizing too many sales from the Clarity PHEV that is similar in size and goes on sale in 2017.

**Clarity lineup:** Honda's second-gen Clarity FCV hydrogen fuel cell car goes on sale in California later this year. It will sell for around \$60,000 and come with a 300-plus-mile range. In 2017 the FCV version will be joined by a new Clarity EV and a Clarity PHEV with 40 miles of all-electric range. By 2020, Honda's collaboration with General Motors on fuel cell know-how could mean a significant upgrade in the Clarity's technologies.

**Sports car:** It's the rumor that will not die. While dealers are always clamoring for an heir to the S2000 to burnish Honda's performance cred, the business case for one is tough. If this is something the Honda brand is intent on doing, don't expect it until the turn of the decade at the earliest. By then Honda will have a variety of turbocharged four-cylinder engines that it could run solo or pair with its burgeoning portfolio of electrified powertrains.

**HR-V:** All new for 2016, this tidy crossover based on the Fit should see a freshening



The Honda Civic Hatchback, shown here as a prototype, goes on sale by the end of the year.

in 2018 as a 2019 model. Like its platform mate, this is a price-sensitive model, so don't expect major powertrain changes.

**CR-V:** Next year will usher in a redesigned

CR-V as a 2018 model. It will ride on the modular platform shared with the Civic and Accord. The 1.5-liter turbo will be the only engine until Honda adds a hybrid iteration in 2018 or 2019. Honda likely will squeeze a third row of

see **HONDA**,  
next page



The 2017 Honda Clarity FCV will sell for around \$60,000 and have a 300-plus-mile range. It goes on sale in California later this year.

# Acura's changes follow Honda's cadence

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**A**cura's product plans for the next several years include modified faces, upgraded powertrains and new iterations of its newest brand signature, the NSX sports car. But the brand will retain its close connection to its mainstream sibling brand, Honda.

**ILX:** A redesigned ILX, riding on the latest Honda Civic's modular platform, is expected in 2017 as a 2018 model. It's expected to use the Civic Si's 1.5-liter turbocharged four-cylinder engine.

**TLX:** Look for this midsize sedan to be the next Acura model to pick up the new corporate face when a freshened version bows in late 2016 or the first half of 2017. When it does, there could be healthy powertrain upgrades behind the new grille: the 1.5-liter turbo four-cylinder from the Civic Si could stand as the base engine, while the 2.0-liter turbo four could replace the V-6. A redesign is due in 2020.

**RLX:** A redesign is expected in 2019 as a 2020 model. The car's ethos won't change much: front- or optional all-wheel drive and a V-6 base model with optional hybrid powertrain. Look for the styling to be the biggest change, with a watered-down take on the Precision Concept that debuted at the 2016 Detroit auto show.

**CDX:** Acura is mum on when this HR-V-based compact crossover lands in the U.S., though a 2018 or 2019 model is likely. It would use Honda's 1.5-liter turbocharged four-cylinder engine and come with optional awd and clever interior packaging similar to the Fit/HR-V twins. The biggest question is where it will be built. The current version is built only in China, and Honda's global capacity is tight. If that continues, the CDX could be the first China-built Honda product to land in the U.S. (The previous-generation Fit for the Canadian market was the first China-built car sold in North America.)

**RDX:** With a redesigned CR-V due in 2017, expect a redesigned RDX to bow a year later as a 2019 model. The powertrain pingpong should continue: originally launched with a turbocharged four-cylinder but now available with a V-6, the model we'll see in 2018 will come with a 2.0-liter turbocharged four. After the 2018 debut, look for either a hybrid or PHEV version, depend-

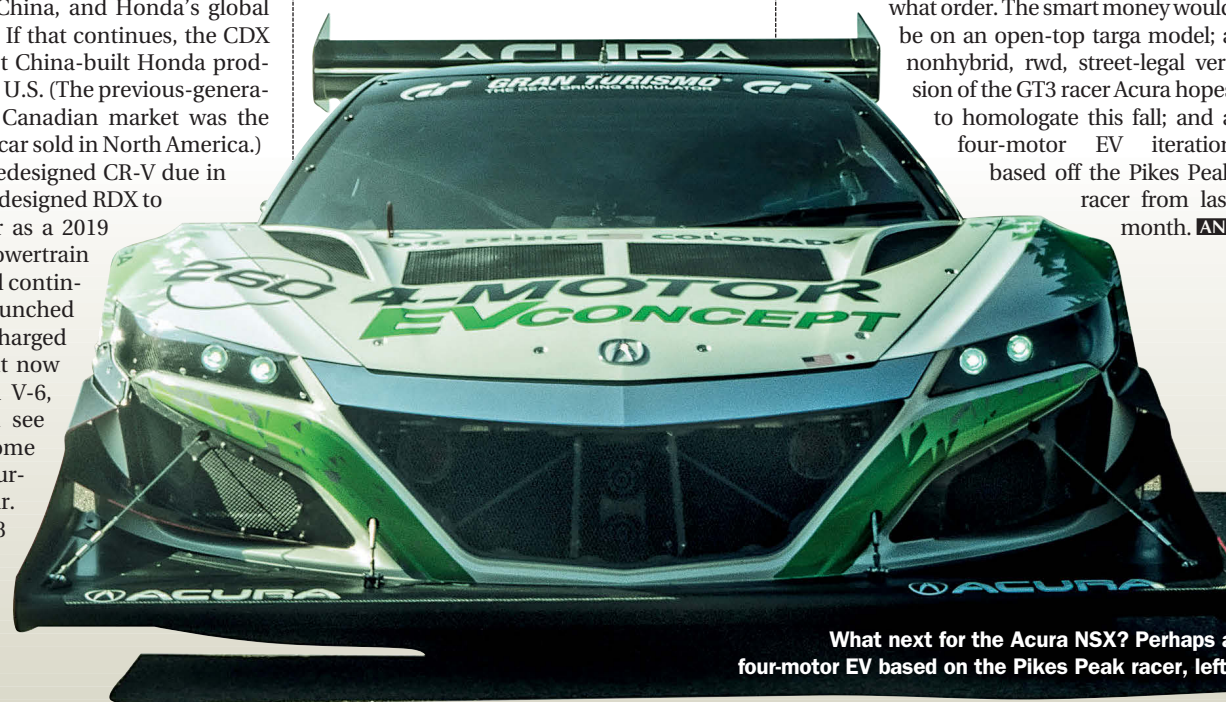
ing on which route Honda goes on the CR-V.

**MDX:** The MDX just got a fresh look for 2017, with Acura finally ditching the much-maligned beak grille. The 2017 version also adds an optional hybrid powertrain shared largely with the RLX Hybrid.

Expect a complete redesign in 2019 as a 2020 model.

**NSX:** Now that Acura's second-gen supercar has finally landed on the lot, all eyes are on what comes next for the NSX nameplate. Variants are happening: There's extra production capacity at the NSX plant in Marysville, Ohio, and deep enthusiasm within the brand for the NSX nameplate.

The unknown part is which variants and in what order. The smart money would be on an open-top targa model; a nonhybrid, rwd, street-legal version of the GT3 racer Acura hopes to homologate this fall; and a four-motor EV iteration based off the Pikes Peak racer from last month. **AN**



What next for the Acura NSX? Perhaps a four-motor EV based on the Pikes Peak racer, left.

## future product pipeline



The 2017 Pathfinder's front end and hood have been updated, and it has a new 3.5-liter V-6 engine that delivers 284 hp.

## NISSAN

continued from Page 29

gines will make it to the U.S. market. But its 2.0-liter, four-cylinder gasoline engine is a likely bet.

**Frontier:** The midsize Frontier pickup will be redesigned next year to debut as a 2018 model. Look for more flexibility in the platform, including an option for a diesel engine.

**Leaf:** Engineers are at work on the second generation of the electric Leaf, which likely will show up in late 2018 or early 2019. The critical change for Gen 2 will be improving the driving range of the Leaf's lithium ion battery, which currently claims an EPA-approved rating equivalent of 114 mpg combined city and highway on a full battery charge. Competitors including General Motors and Tesla have eclipsed Nissan on driving range in the past two years. Nissan has signaled that its next Leaf will have a range of close to 300 miles. The car will be lighter, with an increased use of carbon fiber, and permit hands-free recharging, allowing owners to simply park over an inductive-system floor mat that does the charging automatically.

**Juke:** The small, sporty crossover is in line for a redesign in 2018. Nissan designers have said they want to maintain the polarizing look of the Juke in its next generation.

**Murano:** The Murano was redesigned for the 2015 model year. It is scheduled to be freshened in late 2017.

**Maxima:** The sport sedan was redesigned for the 2016 model year, but the 2017 model year will see new tech packages added, including a larger cockpit display and the integrated Apple CarPlay infotainment system.

**Sentra:** The compact sedan was heavily freshened for the 2016 model year. For the 2017 model year, Nissan will introduce a new engine for the car, deploying the Juke's turbocharged, 1.6-liter, four-cylinder engine.

**Altima:** Nissan likely will redesign the Altima for a late 2018 debut, with more emphasis on fuel efficiency, power and handling. Look for a smaller-displacement, turbocharged engine option on the Nissan volume leader, as well as a styling shift to a sportier, fastback-inspired rear roofline.

## HONDA

continued from previous page

seats into global models, but that isn't expected in the U.S.

**Pilot:** The redesigned model went on sale in 2016. A midcycle re-engineering is expected in the 2019 model year that could see the V-6 being jettisoned in favor of Honda's 2.0-liter turbocharged four-cylinder.

**Odyssey:** Honda's minivan gets a redesign set to debut at the end of this year as a 2017 model, following on the heels of Fiat Chrysler's new Chrysler Paci-

**Versa, Versa Note:** Nissan's Versa subcompact sedan is not due for a redesign until 2018-19, followed by a redesigned Versa Note hatchback.

**Kicks:** Nissan planners are weighing the idea of selling the small Kicks crossover in the United States. The model fits into the subcompact class, closer in segment to the Versa than the Sentra, and probably would use the 1.6-liter, four-cylinder engine that powers Nissan's Micra, which is sold in Canada and other world markets. The Kicks was developed as a low-priced entry for South America, created jointly by Nissan's design teams in Rio de Janeiro and San Diego, to be manufactured in Brazil. But Nissan also intends to put it into production this year in Mexico, giving rise to the possibility of bringing it to U.S. retailers. The company has stated emphatically that it is not intended as a replacement for the Juke.

**370Z:** Z sales have fallen since the current 370Z iteration was introduced in 2009. The sports car is due for a complete redesign, and the company has hinted that its replacement will shed some of its weight and size while using a smaller turbocharged engine. The repositioning could result in the Z's temporary disappearance from the market for as much as a year.

**GT-R:** The small-volume supercar received a significant freshening this year, including a quieter and more luxurious interior, a boost in power to 565 hp, a new front grille and a smoother-shifting transmission.

**Quest:** It is unclear what Nissan's next move will be for the Quest minivan. The minivan market in general has dwindled with the popularity of crossovers, and the Quest averaged fewer than 1,500 vehicle sales a month in the first half of this year. Nissan faces a big decision about whether to keep the Quest alive as it nears the end of its fourth generation. Retailers like minivans for the hefty margins they tend to deliver. But Nissan has tried three different sourcing approaches for its minivan, including having it built by Ford Motor Co. It is currently imported from Japan.

**Micra:** Nissan continues to study bringing the Micra minicar to the United States. The Micra now sells in Canada, and its platform is in production in Mexico, yielding other Nissan nameplates. A U.S. entry likely would fall after 2018. **AN**

fica. The basic minivan recipe will stay the same: shared platform with Pilot and Acura MDX crossovers, 3.5-liter V-6 engine. The current version has a six-speed automatic transmission; look for the new model — at least in higher trims — to use the ZF nine-speed automatic found in other Honda and Acura models. Honda's in-house 10-speed automatic may join the Odyssey in a midlife refresh or re-engineering in 2019 or 2020.

**Ridgeline:** Honda's redesigned pickup truck is just a few months old and rides on the same light-truck platform that underpins the Odyssey and Pilot. Look for a midcycle freshening in 2020, but without significant powertrain changes. **AN**

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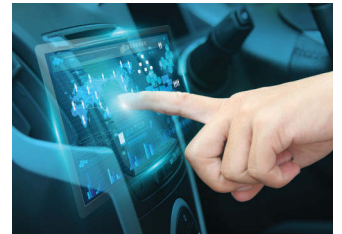
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## Toyota CPO surge boosts sales industrywide

### Leasing volume incremental but small

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Sales of certified used vehicles by Toyota Division rose 15 percent in the first half of the year, helping hoist industrywide CPO sales to their highest level ever for the January-June period.

But Toyota Division's lift wasn't because of the company's recently launched leasing program for CPO, said Dave Depew, corporate man-

ager of Toyota certified vehicles. He attributes the sales bump to "a few more" Toyota dealerships participating in the program — which was already at over 90 percent participation — and to dealerships that already were participating "selling a few more" CPO vehicles.

CPO leasing volume "is incremental, but the volume is very small," Depew told *Automotive News*. "Every bit helps, and it's another tool for our dealers to use when consumers are searching for certified used vehicles. It's helping, but it's not accounting for much of the increase."

### Top seller

Toyota Division's record first-half sales of 208,210 Toyota and Scion vehicles made it the industry's top seller of certified used vehicles so far this year, according to data compiled by the Automotive News Data Center.

Toyota Division expects to sell "a little north of 400,000" CPO vehicles this year, breaking its previous record of 371,713 in 2015, Depew said.



**Depew: "Every bit helps."**

An industry-wide increase in the number of off-lease vehicles helped lift sales of certified used vehicles 4 percent to 1,324,676 in the first six months.

That's about half of the 2.7 million to 2.8 million certified used vehicles that Tom Webb, Cox Automotive chief economist, predicts the industry will sell this year. That would be up from 2,553,548 vehicles in 2015, which mirrored the 2.55 million off-lease vehicles that re-entered the market last year, he said.

Off-lease vehicles will outpace CPO sales growth this year and beyond, Webb said. He predicts off-lease volumes will climb to about 3.1 million this year, 3.6 million in 2017 and over 4 million in 2018.

Despite the uptick in off-lease vehicles returning to the market industrywide, not every CPO program was up at midyear.

For example, GM Certified sales through June dropped 12 percent

to 197,776. GM Certified includes sales of certified Buick, Chevrolet and GMC vehicles.

Conversely, sales at Cadillac's CPO program, which is separate from GM Certified, rose 25 percent in the first six months to 15,997.

### Down, but growing

Mazda's certified unit sales slid 6 percent to 19,066 in the first half. But the ratio of CPO sales to new-vehicle sales has risen notably in recent years, said Masahiro Moro, CEO of Mazda North American Operations.

About five years ago, CPO sales equaled "5 or 6 percent" of Mazda dealerships' new-vehicle sales, he said. Then, the automaker gave its dealers a goal of raising that, first to 8 percent, then to 10 percent. As dealerships met those targets, dealers began to see the financial benefits of a strong CPO program. In the first six months of 2016, CPO sales equaled 13.8 percent of Mazda dealerships' new-vehicle sales, Moro said.

"My intention is to grow that to 20 percent in three years," he added.

He noted that the stronger CPO program, along with reduced fleet

sales and incentives, has had another benefit. Mazda's residual values "used to be bottom of the industry," in about 2010-11, Moro said. Now, they are "close to the top of the industry," within "maybe 2 to 3" percentage points of Toyota's, he said.

Nissan Division's CPO unit sales of 88,572 for the first six months rose 8 percent from the year-earlier period.

The brand projects its calendar-year CPO sales total to reach "closer to 190,000 units this year," up from 170,639 in 2015, said Martin Gleason, senior manager of CPO and pre-owned for Nissan-brand vehicles. The brand's off-lease volume is expected to grow 17 percent this year, he added.

He said CPO vehicles come with factory warranties and are an easy sell to customers who want peace of mind. Dealers and Nissan benefit because owners of Nissan CPO vehicles have a loyalty rate of 50 percent to the Nissan brand, vs. a 36 percent loyalty rate for owners of noncertified used Nissan vehicles.

"We're one of the faster growing CPO programs," Gleason said, "and we think there is more potential." **AN**

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## Store expects its used-car leasing to grow

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Wes Lutz, owner of Extreme Dodge-Chrysler-Jeep-Ram, of Jackson, Mich., began leasing used cars and trucks almost two years ago for the same reason automakers lease new vehicles: to get his customers into late-model vehicles at payments lower than they typically could get with a traditional finance contract. And in this case, payments lower than a new-car lease.

Sometimes, Lutz can slash a customer's monthly vehicle lease payment by half if he or she opts for a 2- or 3-year-old used car or truck rather than a new one.

Leasing makes up just 5 to 10 percent of the roughly 125 used vehicles Lutz retails per month. But as more vehicles come off lease, his advertising of used-vehicle leasing has picked up steam. And as new-vehicle prices continue to rise, Lutz expects his used-car lease volume to grow.

"Everybody's sweet spot is a payment much lower than a new-car payment," said Lutz.

"If I took a new \$50,000 2016 Jeep Grand Cherokee Summit and did a 60-month loan, even without the interest, what's it going to be — \$850 a month? Just do the math." In contrast, he said, a customer might qualify for a 36-month lease on a used 2014 Grand Cherokee Summit for \$286 a month.

"People would probably rather have a new car, but reality is you've got to fit the payments into your budget."

### Leasing candidates

Vehicles that qualify for leasing at Lutz's store must be 2011 or newer with less than 100,000 miles on their odometers, said Brad Cooper, a member of Lutz's sales team. Many have some of their new-vehicle warranties remaining; a few



**"Everybody's sweet spot is a payment much lower than a new-car payment," says Wes Lutz, left, owner of Extreme Dodge-Chrysler-Jeep-Ram in Jackson, Mich., with sales team member Brad Cooper.**

customers purchase extended service contracts, he said.

Cooper and other sales team members sell both new and used vehicles and handle each customer's entire sales transaction, from start to finance and insurance to delivery.

Used vehicles that have a significant spread between their retail value as calculated by NADA Used Car Guide and the transaction price, which is typically less, are good candidates for leasing, Cooper said.

Vehicles that hold their value well, such as Jeep Wranglers and Grand Cherokees, typically fall into that category, as do expensive vehicles, Lutz said.

"If you have a new \$50,000 vehicle, that comes back with an off-lease value at \$24,000 after two years, which is typical. And in the next two years it might be worth \$14,000. You've only got \$10,000 worth of lost value" on a used-car lease, Lutz said.

"So expensive cars tend to do well the second time around."

Many of Lutz's used-vehicle lease contracts are for 36 months with a limit of 15,000 miles per year. But the lease term can range from 24 to 60 months, and the allowed annual miles can range from 10,000 to 18,000, Cooper added.

Only one lender, Michigan State University Federal Credit Union, finances used-vehicle leases for Lutz's customers. In contrast, lenders such as U.S. Bank and Chrysler Capital join that credit union in financing the dealership's new-car lease customers, Cooper said.

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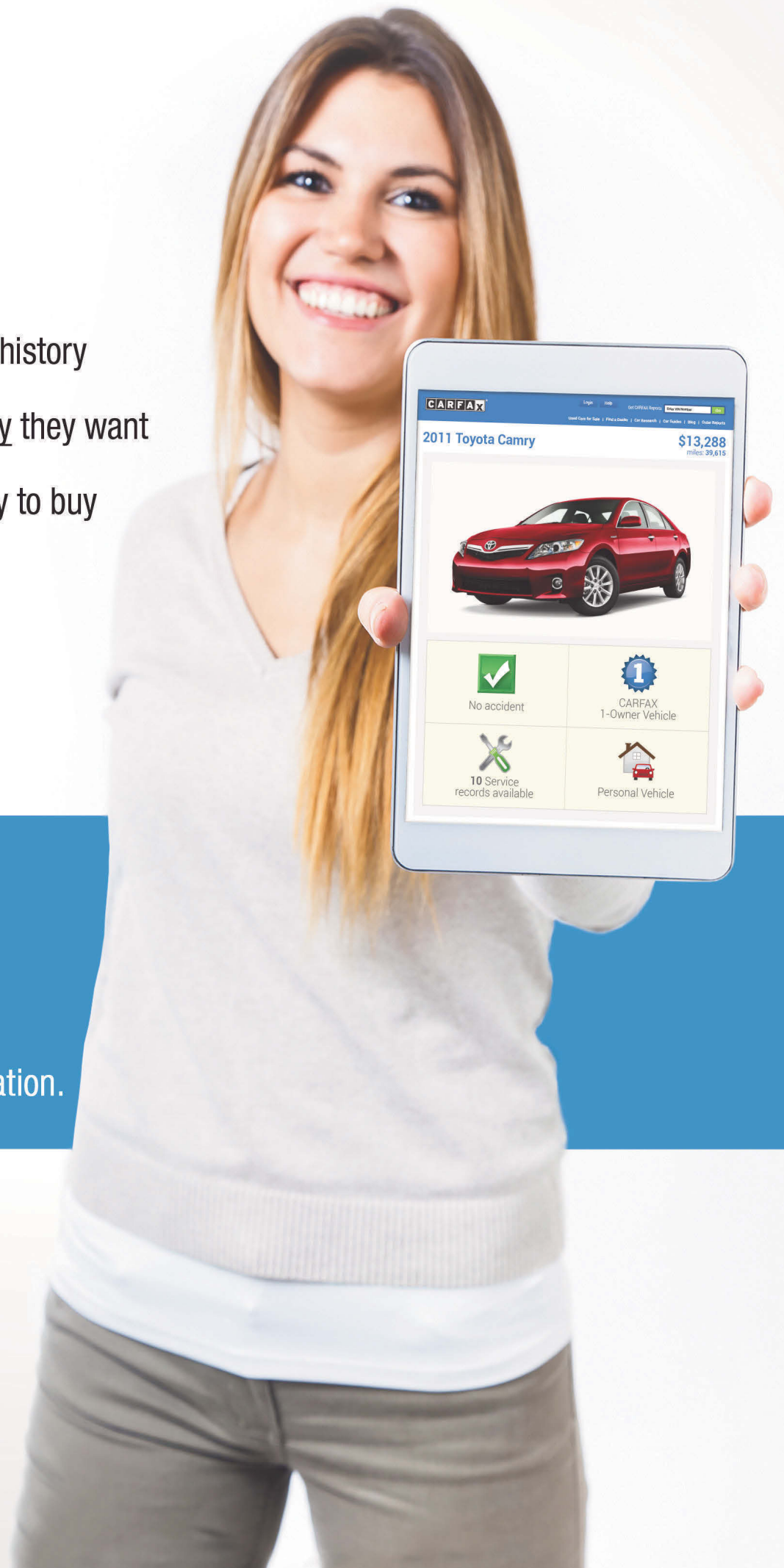
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Brad Fenton's new Nissan dealership in Rockwall, Texas, near Dallas features 47 service bays.

## TEXAS

### Dealer's new Nissan store even has TV in customer restrooms

continued from Page 3

Munoz doesn't intend to roll over.

"This is a market where we do very well, but we think we can do even better here," Munoz says. "This is our biggest sales region, and it is a good market for pickup trucks. And with our new Titan, I believe we have a very good opportunity for growth."

This fall, Nissan will begin supplying its retailers with a new half-ton Crew Cab version of the redesigned full-size Titan pickup, which the company believes will win market share away from the bigger players in the segment — from the Detroit 3, but also from Toyota. Toyota's full-size Tundra pickup — conveniently built in Texas — outsells the Nissan Titan more than 9-to-1 across the United States.

Munoz — who was a senior sales executive with Toyota's European operations before being recruited to Nissan — wants to change that. And he knows he must make the Titan and Nissan's other light trucks sell in the Lone Star State to close that gap.

So does the man standing next to him in the hot sun, Jim Press.

"This Pathfinder is going to do well for us here," says Press, an iconic figure in the U.S. auto industry. A former co-president of Chrysler and president of Toyota Motor Sales U.S.A., Press is now president of RML Automotive, a \$1.4 billion-a-year 26-dealership retail group headquartered in Dallas whose operations include two Dallas-area Nissan stores, as well as a Dallas-area Toyota store. Press knows something about the competition between Nissan and Toyota because he also spent 37 years on the other side of the battle line, working for Toyota.

#### 'Strong and familiar'

Press was president of Toyota Motor Sales when it decided to begin manufacturing the Tundra in Texas. Now, in addition to his role at RML, Press is a consultant to Nissan CEO Carlos Ghosn.

"We have a great history with this vehicle," Press says of Nissan and the crossover, which designers have given a midcycle tweak to look more rugged. "The Pathfinder name is strong and familiar to people. It will do well."

Japan's No. 1 automaker Toyota is in no immediate danger of being outgunned by the No. 2 Japanese automaker. Nissan has been on a steep growth curve under Munoz. For the first six months of this year, Nissan claimed a 9.2 percent U.S. market share, up from an 8.6 percent share in 2015.

Toyota Motor's U.S. market share for the same period fell to 13.9 percent, from 14.4 percent in 2015.

But the volume gap remains sizable: Toyota, Lexus

and Scion together sold 399,686 more cars and trucks than Nissan and Infiniti did during the first six months of this year. That sales volume equals the output of two large auto assembly plants. As Texans say, Nissan still has a mighty good ways to go.

Scott Vazin, Toyota's chief spokesman in North America, says Toyota is not too worried about Nissan's growth aims in Texas and around Dallas.

"We are confident with our product portfolio and the performance of our dealers and distributor in the region," says Vazin, a former spokesman for Nissan North America. "It's a very competitive market, and we wish them luck. They're making big strides with trucks and SUVs, which are big sellers in Texas."

Brad Fenton, on the other hand, is eager to make Toyota sweat.

#### Big, big, big

On the same day that Nissan unveiled the next Pathfinder in Dallas, Fenton, owner of Fenton Motors in Oklahoma City, invited Munoz and other Nissan executives to cut the ribbon on Fenton's ninth Nissan dealership, in Rockwall, Texas, just outside Dallas.

Nissan has more than 70 dealerships in Texas, and the automaker is adding more. Two of Fenton's neighboring Dallas dealers are renovating and expanding their stores. Infiniti is also expanding its footprint in the state this year, opening a store in Boerne and another in Lubbock.

Fenton, who has 19 dealerships in Oklahoma, Missouri, Kansas, Tennessee and Texas, spent about \$20 million on the open-point Dallas-market store, and it is Texas big.

The dealership is 157,000 square feet under roof, with 47 service bays. It has capacity to take 1,200 vehicles into inventory. It provides customers with TV in the restrooms. The service department offers his-and-hers locker rooms for personal belongings, and showers for employees who want to freshen up after work.

Fenton was eager to make his store stand out from the crowd. As the building took shape, he asked his executive manager, Tim Moody, if there was anything else he wanted, for less than \$100,000, that would help distinguish Nissan of Rockwall from the competition. Moody asked for, and got, a radio-frequency identification system that works from cameras installed in the ceiling of the store's multilane service department. As a customer pulls in, the RFID beams the customer's information onto service and sales department monitors so that service managers can greet them by name, and sales personnel can drop by to say hello.

Fenton says Rockwall, a city of 41,000, is a fast-growing and affluent corridor of the Dallas market, and he expects the new store to sell 6,000 vehicles a year once it is up and running.

"I'm not here to compete with other Nissan dealers around town," Fenton says. "I'm here to outsell Toyota of Rockwall and Rockwall Honda. That's my competition. And I believe Mr. Munoz when he says we can do it." **AN**

## LEASING

### Store kicks up ads for used program

continued from Page 32

After a sales team member inputs vehicle make and model, its mileage, retail value, selling price and other data, an online system operated by Credit Union Leasing of America calculates residual values for the dealership and credit union, Cooper said.

Credit Union Leasing of America

is a provider of new- and used-vehicle indirect auto leasing and balloon loan services to consumer lenders, including credit unions.

No down payment is needed to initiate a used-vehicle lease, just the first monthly payment.

"It's actually easier than a new lease," Cooper said. But he concedes that "it would be nice to have more lenders do it, so we'd have more options" for used-vehicle lease customers.

Cooper said leasing is popular among his new-car buyers, but used-car customers generally don't

know they are eligible for a lease. So far, most of the dealership's used-vehicle lease business has been generated by word-of-mouth by customers and some print ads in local newspapers, he said.

The dealership plans to tout its used-vehicle lease program on its website this summer. Cooper thinks that will help spread the word.

"We're going to advertise payments on used-car leases," he said. "That should bring a lot of people to our dealership to get a great lease deal on a used car." **AN**

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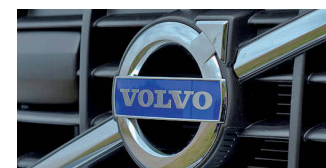
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#### > Mercedes-Benz takes profit hit



Daimler reported a weaker profit margin from Mercedes-Benz

Cars in the second quarter — 6.4 percent, compared with 10.5 percent last year — because of the cost of freshening its lineup and one-time charges related to recalling cars with faulty Takata airbags.



#### > Volvo operating profit triples in 1st half

Volvo reported its operating earnings tripled in the first half and said a further rollout of new, more upmarket models left it confident about reaching record sales and earnings for the full year. Volvo's operating earnings rose to 5.59 billion Swedish crowns (\$649.8 million) up from 1.66 billion in the same period last year.

#### by the numbers

## \$130 million

The fine to be paid by Japanese sealing products supplier Nishikawa Rubber, one of the stiffest penalties in the U.S. Justice Department's ongoing investigation into industry-wide price fixing and bid rigging.



#### > Musk's 'Master Plan, Part Deux'

Tesla CEO Elon Musk unveiled an ambitious plan to expand the company into electric semi trucks and buses, car sharing and solar energy systems. In a blog post titled "Master Plan, Part Deux," Musk restated his argument that Tesla should acquire and integrate the operations of solar panel installer SolarCity.

Musk summarized the plan in four points:

1. "Create stunning solar roofs with seamlessly integrated battery storage."
2. "Expand the electric vehicle product line to address all major segments."
3. "Develop a self-driving capability that is 10X safer than manual via massive fleet learning."
4. "Enable your car to make money for you when you aren't using it."

#### on our radar

- **07.26:** Asbury, Sonic earnings
- **07.28:** Ford, VW, Penske, Group 1, Lithia earnings
- **07.29:** AutoNation earnings
- **07.29:** Deadline for Tesla response to Senate inquiry on fatal crash

Source: Automotive News, Bloomberg, Reuters

## GM PROFIT

### Company monitors impact of Brexit

continued from Page 8

of 2016 are up 1.3 percent.

Stevens said the company is sticking to a "very disciplined" retail pricing strategy. He defended the automaker's decision to more than double incentives on pickups at the start of July as simply a way to sell off 2016 vehicles, and not a sign that GM is going back to the days of heavy discounting.

"This was a tactic to kick off the model year '16 sell-down," he told reporters. "That's it, and that's all."

J.D. Power data show GM's July incentives on the Chevrolet Silverado were up 76 percent in July, Bloomberg reported. Incentives on the GMC Sierra were up 146 percent.

The automaker has been selling a higher mix of SUVs and pickups, adding to the improved profit margins. On the other hand, its earnings were trimmed by lower prices at auction for GM-owned cars, in-

cluding off-lease and former rental-fleet vehicles.

In Europe, a recovering industry and cost cuts had GM on track to reach breakeven by year end. Then the U.K. voted to leave the European Union. The British pound fell and economic sentiment in Europe took a hit. GM now says that if the resulting market conditions continue through the rest of the year, it could take a hit as large as \$400 million.

LMC Automotive said that of all the manufacturers building cars in the U.K., GM is the one mostly likely to shift its operations to mainland Europe if costs rise because of the country's decision to leave the EU, Reuters reported.

Stevens said GM is watching Brexit's impact on European operations very closely. He stressed that "nothing is off the table" when it comes to adjusting European operations, from plant closures, cost cutting, changing the sales mix and anything else that arises. "We will pursue all opportunities to mitigate any headwinds" that come from the Brexit vote, he said. **AN**

# 'Don't lose the deal': How Cox bought Dealertrack

**D**ETROIT — Cox Automotive President Sandy Schwartz, in a wide-ranging interview, offered this peek at Cox Enterprises' \$4.5 billion purchase of Dealertrack in 2015.

At a strategic-planning session of Cox Enterprises' top executives, Alex Taylor, now 42, the founding family's heir apparent to run the \$18.1 billion company, gave a presentation on how to triple the size of the company over the next 20 years.

Afterward, Taylor and CEO John Dyer asked what else the automotive division should be doing — or buying. Dale Pollak, founder of vAuto, which Cox bought in 2010, suggested buying Dealertrack.

Keith Jezek, then president of Cox Automotive's software solutions, enthusiastically agreed, saying, "We'd

have all the pieces," Schwartz recalls.

Schwartz was more cautious. He knew it would be very expensive and he was still working on combining Auto-trader and Manheim into Cox Automotive. But with management's encouragement, he began due diligence and contacted Mark O'Neil, CEO of the publicly traded Dealertrack. O'Neil said he didn't know whether the board would approve any sale, but talks continued.

The process went much faster than it would have at a publicly traded company, Schwartz said. Eventually, a meeting of six senior Cox executives agreed that it would be a good acquisition, if they could do it at the right price.

Chairman Jim Kennedy, 68, grandson of Cox's founder, asked every executive there individually to look him in the

eye and confirm agreement with the decision. After each executive said yes, Kennedy then gave Schwartz two orders: "1. Don't overpay, and 2. Don't lose the deal."

Schwartz took that to mean: Buy the company for a price that's fair — for us and for them.

As the meeting wrapped up, Kennedy pulled Schwartz aside and asked, "You are going to be here, right?" to see the merger through.

Schwartz assured Kennedy that he would. But he later sought help with the integration, asking O'Neil to become Cox Automotive's COO with responsibility for integrating the company's parts. O'Neil, Schwartz reasoned, has a proven track record of integrating technology companies successfully.

—James B. Treece



Dealertrack was acquired by Cox in 2015 for \$4.5 billion.

## COX Schwartz: Brands have entrepreneurial cultures

continued from Page 4

player in that market. Those systems are at the core of many dealership operations, including payroll, inventory and customer-relationship management systems.

"We need a DMS. We've invested money in our DMS, and we'll invest more," Schwartz said. But a DMS in the future "should be a smaller unit" within a dealership, he added, "not this big anchor." And any such DMS should be open source — something that integrates easily with whatever other products a dealer wants to use, he said.

Also, he indicated that Cox is not looking for a larger role in auto finance beyond NextGear, which provides floorplan loans primarily to independent used-only dealerships. Said Schwartz: "No plans on the deck for a Cox bank."

Some of the integration work will be fin-

### Cox's buying binge

Since the start of 2010, Cox Enterprises has purchased these companies, now part of Cox Automotive.

- vAuto
- Kelley Blue Book
- HomeNet
- VinSolutions
- Bitauto\*
- Ready Auto Transport
- Haystack Digital Marketing
- Dealer.com\*\*
- Xtime
- Dealertrack

\*21.8% stake in Chinese car-buying website  
\*\*Bought by Dealertrack in 2014

ished fairly soon. Schwartz predicted that the product- and client-support integration should be done by year end.

Integrating cultures may take longer, but Schwartz told *Automotive News* that the

company has several advantages on that front. Cox Automotive is integrating strong companies that it purchased, which he said is easier than combining a strong company and weak one. Each of the brands at Cox has an entrepreneurial culture and thrives on innovation, he said.

It helps that at several of the acquired units, the founder has stayed on under new Cox management, including vAuto's Dale Pollak, Dealer.com's Rick Gibbs and Dealertrack's Mark O'Neil.

The company has reduced employee stress by saying there will be no layoffs. If there are duplicate jobs, "We'll find you a new one," he said, perhaps filling one of Cox Automotive's 1,000 current open positions.

Schwartz has urged employees in various locations to hold "Cox Automotive Nights" to get to know each other. That might be a pizza party at a Manheim auction location, where representatives of each brand stand up and give a five-minute presentation on what that brand does.

Sales is one area in which Cox is still charting its integration route.

Cox Automotive has 3,200 employees, about 10 percent of its work force, in some form of sales. "We don't need seven people showing up at a dealership and taking their time," Schwartz said.

No salesperson can be "Superman or Supergirl" and know every product offered by every brand, he said, "but they should know their customers and know what we've got."

Cox is still working out how to handle that. Should a team of two or three salespeople call on a dealership? Should there be one account manager for larger dealership groups, working with a support team?

The answers aren't final, but Schwartz knows that dealers want a simpler connection to Cox. When Cox Automotive was formed as a division by the combining of Manheim and Autotrader, he recalled, he sat down with one of the company's dealer advisory groups and asked, "How can I get you to be more profitable?"

A dealer, weary of having to log in repeatedly to his various Cox accounts, responded: "Could you get me a single sign-on?" **AN**

## FICKLIN 'Get our view,' dealer tells official

continued from Page 4

sumers with financial services and should be compensated for the work they perform. She said the problem is the discriminatory outcomes that result.

"If you analyze the portfolios of many indirect lenders, what you do see is a disproportionate number of non-Hispanic whites walking away with what you call the wholesale rate" on their auto loans, said Ficklin, who is in charge of oversight and enforcement of fair lending laws.

"That says to me, that's not a wholesale rate because a whole lot of white consumers are walking away with it," she said.

"If you went into the grocery store and white folks got the chickens at

the wholesale rate and black folks and Hispanic folks got the chickens at the retail rate, you would be concerned about that."

Turner, who owns two Chevrolet dealerships and a Subaru store, launched into his comments by telling the CFPB official: "You guys have your view of what we do; I would hope at some point you'd talk to some of us and get our view of what we do."

### Education

He also told Ficklin that her agency should get more involved with educating consumers about credit, credit scores and economics in general.

She responded that the CFPB works with other agencies to develop and roll out financial education programs for children in elementary and middle school and programs for adults.

Turner later told *Automotive*

**"If you went into the grocery store and white folks got the chickens at the wholesale rate and black folks and Hispanic folks got the chickens at the retail rate, you would be concerned about that."**

Patrice Ficklin, CFPB

*News* he doesn't mind saying what other dealers are thinking but don't want to say publicly.

"My daddy told me something years ago: If you see a good fight, get in it," said Turner, who is a past chairman of the GM Minority Dealer Advisory Council.

He said much of what dealerships do in arranging financing for customers is due to many people not understanding the fundamentals of financing, such as what it

takes to have good credit scores. That is mostly because economics is no longer taught in schools, he said.

If dealers are put into a position where they cannot make a fair profit, minorities will suffer the most because there will be fewer opportunities for them to get car loans, Turner said.

"We have to teach people how to have good credit," he said. "Until we do that, they have to borrow money at whatever rate they have to."

### 'Greater understanding'

The CFPB, by law, has oversight over lenders but not dealers. The bureau, which celebrated its fifth anniversary last week, has gone after banks, captive finance companies and other indirect auto lenders that it said followed policies which led, even if inadvertently, to discriminatory lending.

Tuesday's presentation was the

second year in a row that Ficklin has addressed dealers at NAMAD's annual conference.

Following her speech, Ficklin told *Automotive News* she attended the session because NAMAD's leaders believe it's important for her to hear dealers' concerns about the CFPB directly from dealers and for dealers to hear about the CFPB directly from her.

She also noted that she has spoken directly with dealers in sessions sponsored by the National Automobile Dealers Association and the American Financial Services Association.

"I'm always happy, if my schedule allows, to come and be in dialogue," she said.

"I learn whenever we have these types of exchanges, and I feel that I have an opportunity to create greater understanding of what we're trying to do in addressing discrimination." **AN**

## MINORITY NAMAD says 2015 growth was modest

continued from Page 4

to NAMAD's dealership census, which was presented in a separate session during the conference. GM added a net 12 minority-owned

dealerships in 2015 and eight so far this year, Peterson said.

NAMAD President Damon Lester called the industrywide growth of 32 minority-owned dealerships in 2015 "modest" after three or four years of being "pretty much flat after coming out of the recession."

He said the number of Hispanic-American-owned dealerships rose 23 to 552, the most growth of any

minority group. He noted: "We do have an issue with the state of African-American dealers. Mathematically, there is a problem."

The number of African-American dealerships grew by six to 264.

"Ford had almost 300 African-American dealers at one point in time," Lester said. "They're at 61 now. So a lot of work needs to be done."

Lester also said that of the "over 35" open points manufacturers made NAMAD aware of, 20 were awarded to minority dealers and "another 15 or so are still outstanding."

Lester also said there have been some minority-owned dealerships acquired through buy-sells over the years but there also have been dealership losses resulting from buy-sells and from the recession.

Lester implored members to let the dealer group know if they are planning to sell their stores: "We understand you're going to get the best and highest price for your deal, but let us know. Let us have a shot at it."

GM's Rainey was with Nissan North America for 20 years and was in charge of its minority dealer initiative. He joined GM in May. **AN**

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## FORD

### 'There is no magic formula for success'

continued from Page 8

strong, a former COO of Volvo Cars and Ford's Germany-based joint venture with Getrag Transmissions, will find a much healthier balance sheet. In the first quarter, Ford of Europe earned \$434 million, already beating its \$259 million profit for all of 2015.

Armstrong, 52, who started his career in 1987 with Jaguar, will be charged with most of the daily operations in Europe, including manufacturing, quality, product development, purchasing and vehicle safety. Among his achievements are leading a restructuring of Volvo's global purchasing operation and overseeing Ford's \$1.3 billion sale of Volvo to Geely Automotive Holdings of China.

"There is no magic formula for success," Armstrong said at an SAE World Congress panel in 2005, when he was selected as an *Automotive News Europe* Eurostar for improving supplier relations. "Success requires establishing relationships with suppliers. And trust is a big element."

Armstrong, whose move to Europe is effective Sept. 1 to allow for a monthlong transition, will be replaced as president of Ford South America on Aug. 1 by Lyle Watters, 51. Watters is Ford of Europe's CFO and vice president for finance and strategic planning.

Ford CEO Mark Fields, in a statement, praised Samardzich's leadership and skill as "critical to the transformation of our Ford of Europe business into a vibrant and profitable organization." The 2015 profit was Ford's first in Europe since 2011.

She said that recovery should allow Armstrong, who will report to Ford of Europe President Jim Farley, to focus more on the emerging mobility trends that Fields has made a cornerstone of his tenure. Though Europe's financial contributions to Ford pale in comparison to the record, multibillion-dollar profits being generated in North America, she's confident the region is again on solid footing and will continue improving.

"We took the same kind of formula we used in North America and applied it here, and so far, so good," she said. "Hopefully we've got the machine running really well now." **AN**

## MPG

### A common set of data to inform midterm review

continued from Page 1

The EPA, National Highway Traffic Safety Administration and California Air Resources Board, the groups that issued the report, said the industry has ample technology available to achieve the challenging targets without relying too heavily on full hybrid and electric vehicles.

But they also noted that if the 2025 model year standards remain unchanged, the industry won't reach the 54.5-mpg fleet target trumpeted when the rules were announced in 2011. Consumers are buying too many light trucks to make that happen.

"Getting the midterm review analysis right is crucial for everyone," the Alliance of Automobile Manufacturers said in a statement. "It will be a daunting challenge to meet the very aggressive requirements of the 2022-2025 federal fuel economy regulations and greenhouse gas rule."

But environmental groups argue that the report shows the original goals are firmly within the industry's grasp:

"Continuing to strengthen clean vehicle standards is good for America's consumers — and it's absolutely critical to bringing about cleaner, healthier air and a more stable climate," said Luke Tonachel, director of the Clean Vehicles and Fuels Project at the Natural Resources Defense Council.

#### Checking assumptions

The draft "Technical Assessment Report" provides automakers and regulators with a common set of data on technology, cost and efficiency to inform the midterm review.

Robert Bienenfeld, assistant vice president for U.S. environmental strategy at Honda, says automakers will scrutinize whether the report's findings on technologies such as stop-start, 48-volt mild hybrids and many others line up with their own.

"From that we can move on to the policy implications," he said, noting that Honda supports reducing greenhouse gas emissions. "We think it's very important, and we think directionally, the goals are right. It's a matter of how much cost and time."

Already, a key selling point in the 2025 rules has been revised — the 54.5-mpg target itself.

That target was a projection based on the assumption that 67 percent of production in 2025 would consist of cars, and 33 percent would be pickups, SUVs and crossovers. Low fuel prices have kept demand for pickups, SUVs and crossovers at around 50 percent of the market, prompting regulators to update their outlook. The technical report said the current regulations and projected market mix mean the 2025 fleet average will be closer to 51 mpg.

Stephanie Brinley, a senior analyst with IHS Automotive, said that revision is an example of the kinds of assumptions that are designed

## VOLKSWAGEN

### Potential accord with dealers within a month?

continued from Page 3

want to get scale. This is not something you do short term," he said. "This brand needs some years to really recover and step up then from there to a further profitable growth."

That will also require resolving unrest among VW's dealers that has grown since the diesel scandal. Talks to address the scandal-related harm sustained by VW's 652 U.S. dealers have been in the works since June. Woebcken said he hopes a "potential solution" can be reached within the next month or so, but declined to discuss

specifics about a potential accord.

Woebcken came to VW from brake supplier Knorr Bremse AG, where he was CEO of its commercial-vehicle division. Before that, he spent 10 years at BMW in purchasing roles before rising to division manager of driving dynamics, where he oversaw purchasing, production and development for ride and handling for all BMW Group model lines. He was also heavily involved in BMW's plant in Spartanburg, S.C., he said.

Woebcken, an industrial engineer by training, says he has a personal affinity for the U.S. after spending his senior year in high school as an exchange student in Rochester, N.Y. His family has moved to a home in suburban Washington from Germany.

"We have a short- and midterm view, and as we speak we are working on a strategy for where the brand wants to be in 2025,"

## An evolving outlook



Much has changed in the U.S. economy and auto market in the 5 years since the groundbreaking National Program of harmonized CAFE and greenhouse gas emissions regulations was hammered out.

The draft "Technical Assessment Report" is the first step in the midterm evaluation of whether the 2025 model year standards should be raised, lowered or remain the same. A decision is scheduled to be made in April 2018.

Based on updated market information, here's how regulators expect the fleet to perform in 2025 under the current standards.

	ORIGINAL PROJECTION	NEW PROJECTION
<b>Fleet mix</b>	67% car/33% truck	48%-62% car/52%-38% truck
<b>CAFE mpg</b>	48.7	45.7-47.7
<b>CO2 g/mi</b>	163	169-178
<b>MPG-e*</b>	54.5	50-52.6

\*MPG equivalent illustrates the corresponding fleet fuel economy value if the entire fleet were to meet the standards only through reductions in tailpipe carbon dioxide emissions. Automakers also can use credits to meet the standards.

Source: EPA, NHTSA

to be adjusted as time goes on.

Brinley said the midterm evaluation is a "transparent system and process" that is "more collaborative" than past auto regulatory pushes. But that doesn't mean there won't be friction, she said.

#### How many hybrids?

One key point to work out likely will be the extent to which automakers must develop and sell electric cars to meet the 2025 standards.

The "Technical Assessment Report" echoed previous projections by the EPA that automakers could meet the 2025 standards primarily by improving gasoline engines and only modestly deploying plug-in hybrids and EVs.

The EPA expects electric cars to account for less than 3 percent of the 2025 U.S. fleet, factoring in sales required by California's Zero Emission Vehicle mandate. NHTSA expects a less than 2 percent electric car mix to meet its corporate average fuel economy targets, a projection that does not factor in the ZEV mandate.

Brinley said those assumptions underestimate how much the industry will need to rely on electrification and weight reduction to meet the target.

"There does seem to be an element of the regulators saying, 'We think this can be done,'" Brinley said. "The industry is a little more concerned about its ability to meet those targets with internal combustion engines and under the conditions that the agencies assume."

#### Technology limitations

Other findings of the report show how the industry has rapidly adopted fuel-saving technologies. Some 45 percent of 2015 model year vehicles had gasoline direct injection, up from just 2 percent in the 2008 model year, the baseline used by agencies to track progress.

In the same period, six-speed transmissions jumped to 57 percent from 19 percent of the fleet while gearboxes with seven or more speeds grew to 17 percent from 2 percent. Continuously variable transmissions jumped to 20 percent from 8 percent.

Continuing to make such changes will get tougher in the future, Bienenfeld said.

"As the regulations become more and more stringent, there are fewer technologies that can help us achieve those more ambitious goals," he said, "and more electrification will be required as we move into the future." **AN**

Woebcken told reporters last week at VW's engineering and planning center in Chattanooga. "We are pretty much done."

He declined to discuss the plan in detail before its scheduled release this fall, but said VW would pivot near term to SUVs and all-wheel-drive offerings before an electric vehicle push to begin in 2020, which will include North American production of EVs, he said.

In general, he said VW would field vehicles in large mainstream segments with prices and content to compete for volume with larger mainstream brands. At the same time, its lineup will be complemented by high-performance and more European-style vehicles where it can seek more premium pricing, Woebcken said.

Near term, VW hopes to make a splash in key mainstream crossover segments with two models launching next year: the mid-

size crossover built at VW's plant here and the long-wheelbase Tiguan compact crossover, made in Mexico.

Those models, along with the Golf All-track, a more rugged Golf wagon with awd arriving stateside this fall, will give VW a short-term boost to aid its recovery from the scandal. A redesigned Jetta compact sedan will then arrive in 2018, he said.

"We will gain market share out of this," Woebcken said.

While he declined to discuss sales goals, Woebcken made clear that growth in the U.S. is essential for VW. Through June, its U.S. market share stood at 1.7 percent, down from 2 percent last year.

"We want to build the brand story to a level that this brand is not seen as a niche player anymore," Woebcken said. "It's not a matter of surviving, it's a matter of being relevant." **AN**

## NADER

### 'People of conscience' are still needed today

continued from Page 1

*Unsafe at Any Speed*, and the political battles that followed, resulted in unprecedented changes in how the nation approaches automotive safety. His work led, in part, to the creation of NHTSA and to seat belt requirements in cars, antilock brakes and airbags.

But that doesn't mean there aren't still problems that need addressing. There are plenty of "shenanigans," as Nader called them, from sketchy rule-making on autonomous cars to cost cutting that results in faulty parts to industry insiders failing to take the threat of car hacking seriously.

Nader said a decline in the quality of mass media in the U.S. and a lack of will in the government to regulate industry is resulting in long-term problems that need to be addressed.

"We have a culture in decay, and the casualty is the civil society, which is the nourishment of everything," Nader said. "Everything we like about this country started with a few people."

After his first book gained notoriety, Nader began hearing from automotive insiders who saw things happening that did not sit well with their consciences. Their information helped shine light on issues the industry was trying to keep buried, he said.

Nader said he remembered one assembly line inspector whose information resulted in a 5.4 million-vehicle recall. *Automotive News* went hunting through the archives for that inspector and found the story of Edward Gregory, a body-frame inspector at General Motors' Fisher Body plant in St. Louis. In 1966, Gregory reached out to tell Nader that he'd been complaining to GM officials that the body sealant on many Chevrolet cars could leak, allowing deadly carbon monoxide into the cabin. Gregory said he'd been alerting the company for three years about the issue and no one would pay attention.

#### Era of rapid change

Voices like Gregory's are needed even more today, said Nader. The industry faces serious safety issues, as witnessed by the ongoing Takata airbag recalls, to name just one recent problem.



Ralph Nader, with Automotive News Editor-in-Chief Keith Crain, says the process of change is still the same as always. Below, Nader with his friend and fellow activist Joan Claybrook.

PHOTOS BY JOE WILSSENS



The world is getting more complex, said Nader, who still uses a manual typewriter and refuses to get a computer. And the auto industry is moving at such a rapid pace toward technological innovation that problems could easily slip by regulators, he said.

And the changing media landscape, with the decline of local newspapers and local TV stations, means many issues are being ignored, Nader said.

But even today, he said, the process of change looks the same as it always has.

"Here's the link: People of conscience inside the industry, they take their conscience to work. They're up against the bean counters, the 'shut-up-and-work' conformists, the bureaucrats," he said. Those people see a problem and then, after bumping against walls of co-workers and leaders who don't want to listen or change, they take the issue outside, he said.

"Some of them break through. They go to the media, they go to citizen groups, the publicity expands, more information spills out. The publicity hits the '60 Minutes' level, and it gets the ear and the eye of the legislators and the regulators and the litigators."

That's the sequence every time, he said. And after all of that, reform takes place.

Nader criticized NHTSA Administrator

Mark Rosekind for his approach to autonomous driving. Rosekind, he said, has been skirting the system by getting the industry to make "voluntary agreements" on certain issues rather than going through the process of creating official rules, which takes a lot more time. That allows automakers to put cars on the road that aren't ready for real-world driving, Nader said, ultimately using the public as guinea pigs.

#### Not so fast

While the auto industry claims autonomous vehicles will be populating highways in just a few short years, Nader said he thinks it will be at least 30 years before self-driving cars will be the norm.

"The complexity that's involved far transcends the algorithmic arrogance of Google or others," Nader said. "They want to get into the auto business for obvious reasons, and they want to appear modern, and they want to get a lot of press, and they're getting all of that." **AN**

## FCA

### Company seeks to differentiate reports

continued from Page 1

the country is four times higher than in the rest of the company because of pressure applied from above to meet aggressive sales targets.

FCA has declined to comment.

The revelations come as investigators from the Securities and Exchange Commission and the Department of Justice look into FCA's sales practices. One of the company sources said investigators visited all nine regional business centers beginning July 11 and spoke with current and former employees. Investigators also visited FCA field employees and past employees at their homes, the source said.

In January, FCA was accused by dealerships owned by Napleton Automotive Group, a Chicago-area dealership group, of civil racketeering in a lawsuit that alleged the automaker paid dealers to improperly inflate sales. FCA called the allega-

tions "baseless" and sought dismissal of the suit. The lawsuit appeared to spur the federal investigation.

Bloomberg reported Monday, July 18, that the federal probe into FCA is in an early stage. The agencies would not comment on the scope or subject of their investigation.

FCA said it was "cooperating with an SEC investigation into the reporting of vehicle unit sales to end customers in the U.S." The company said that "inquiries into similar issues were recently made by the U.S. Department of Justice."

Both agencies and FCA declined to comment on whether warrants had been issued as part of the investigation.

#### The streak

The FCA insiders say the company's streak has driven sales reporting abuses. The current run of 75 consecutive months of year-over-year sales increases in the U.S. is the longest such active streak of any automaker and has been a source of pride as the company rebounded after its 2009 exit from bankruptcy.

Earlier this year, Marchionne said FCA's sales streak "has happened not because of the fact that I've discounted vehicles because the margins in our operations have improved, but it's happened because of the fact that, you know, there's brand equity and there's value in what we're selling to the customer base."

The streak also has become harder to extend the longer it has gone on.

Indeed, after the streak reached six full years in March, the automaker stopped mentioning it in its monthly press releases reporting U.S. sales. It was last cited by the company in its March sales release on April 1, when FCA began to include a lengthy disclaimer as to how it reported its monthly sales.

The disclaimer describing FCA US' "method for determining monthly sales" said, in part: "FCA US reported vehicle sales represent sales of its vehicles to retail and fleet customers, as well as limited deliveries of vehicles to its officers, directors, employees and retirees. Sales from dealers to customers are reported to FCA US by dealers as

sales are made on an ongoing basis through a new vehicle delivery reporting system that then compiles the reported data as of the end of each month.

"Sales through dealers do not necessarily correspond to reported revenues, which are based on the sale and delivery of vehicles to the dealers. In certain limited circumstances where sales are made directly by FCA US, such sales are reported through its management reporting system."

#### A possible defense

In its statement acknowledging the federal investigation, FCA differentiated between quarterly corporate financial reporting and its monthly reports of sales to retail and fleet buyers. The company noted that in its "annual and quarterly financial statements, it records revenues based on shipments to dealers and customers and not on reported vehicle unit sales to end customers."

Peter Henning, a former SEC lawyer and a professor at Wayne State University Law School in Detroit, speculated that FCA is distin-

guishing the two methods of reporting sales as a possible defense.

But Henning said the SEC's investigation appears to be a "bread and butter" accounting investigation and that attempting to differentiate the two was unlikely to be effective. He said he believes the feds are looking into monthly sales numbers, not revenue figures.

"What the SEC focuses on is disclosure to investors and to the market, so they're not going to buy a claim that 'We don't technically engage in sales. The dealers do.' This is all of a piece, which is: How do you measure how any auto company is doing? Sales. That's the bottom line, and that's what the SEC is going to be looking at," Henning said.

Henning said the involvement of the Justice Department is another clue about the investigation.

"Typically, the Justice Department will steer clear of a case until it gets indications of wrongdoing," he said. "Normally, it will defer to the SEC. Just the disclosure that they're on the scene means that there's at least smoke, and maybe a fire." **AN**



**Production of the Dodge Dart will end in September so Fiat Chrysler's Belvidere, Ill., assembly plant can be retrofitted to build the Jeep Cherokee.**



## FCA Dealer: Dart, 200 never got traction

continued from Page 3

"No one wants to build sedans when their own capacity is at a premium and they can't build enough crossovers to satisfy demand," Sullivan said.

Because the Dart and 200 have not sold well, he asked: "Who would want to commit to that capacity in their own plant when they didn't sell well when they were new?"

Sales of both FCA sedans have lagged other segment competitors in the U.S., especially after FCA removed aggressive incentive supports on the 200 in December.

Sales in the compact and midsize car segments have fallen dramatically. Compact car sales were down 7.3 percent through the first half and midsize car sales were down 8 percent.

Dart sales stood at 29,079 through June, down 41 percent from the

same period last year. Chrysler 200 sales were 40,981, down 62 percent.

With dealers considering their Dart build-out orders now, inventory levels of both cars remain high. On July 1, FCA had 16,056 unsold Darts on hand and on dealer lots, a 126-day supply. The automaker also had 27,194 unsold Chrysler 200s in inventory, a 90-day supply.

For most FCA dealers, losing the Dart and 200 likely will have little effect on their monthly profits as both sedans sell at low margins in segments with declining popularity. Still, other dealers may have to get creative with their used-car offerings if customers are set on a compact or midsize sedan.

"If it means I'll get more Jeeps and have more Wranglers? Give me that deal all day," said one dealer who asked not to be named.

"The truth is that they tried to be competitive in those segments, and they're good cars, but buyers in those segments are loyal to the Hondas and the Toyotas and the Fords, so the Dart and the 200 never really got traction." **AN**

## PERSONNEL

**BMW GROUP — Markus Duesmann** to board of management member for purchasing and supplier network, effective Oct. 1. He succeeds Klaus Draeger, 59, who will retire.

Duesmann, now 47, joined BMW Group in 2007 as head of powertrain for the BMW Sauber Formula One team. He is the automaker's head of powertrain.

**DAIMLER AG — Britta Seeger**, 46, to board of management member for Mercedes-Benz Cars marketing and sales, effective Jan. 1. She will succeed **Ola Kaellenius**, now 47, who will lead group research and Mercedes-Benz Cars development.

Seeger joined Daimler in 1992 and has held various international sales management positions.

She is CEO of Mercedes-Benz in Turkey. Previously, she led Mercedes-Benz Korea.

**FIAT CHRYSLER AUTOMOBILES — Mark Chernoby** to global chief technical compliance officer. Chernoby, 55, will lead FCA's new Technical Compliance Office and oversee all regulatory compliance programs globally, including safety, emissions and corporate average fuel economy compliance.

Chernoby, an engineer who joined Chrysler in 1985, was appointed to FCA's Group Executive Council in 2011. On the council, he held the roles of COO of product development and head of product portfolio management. He also has been the group's head of quality.

## OBITUARIES

### Ted Morse

FORT LAUDERDALE, Fla. — Ted Morse, CEO of Ed Morse Automotive Group, died July 19. He was 66.

Morse, son of group founder Ed Morse, worked in sales and service early in his career. He became general manager of Ed Morse Chevrolet in Lauderhill, Fla., and later moved to the corporate office. He became CEO in 2006 upon

the retirement of his father.

### Dan Stedem

LAKELAND, Fla. — Dealer Dan Stedem died July 17. He was 89.

Stedem owned Dan Stedem Ford in Orchard Park, N.Y., from 1957 to 1983. He was vice president of Stedem Ford in Fort Meade, Fla., from 1983 to 2010. Since 2008, he had been vice president of Hyundai of Slidell in Slidell, La.

## 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>			<b>2016 models</b>			<b>MITSUBISHI</b>		
<i>Expires Aug. 31. In lieu of rebates, cut-rate financing is available.</i>			<b>Buick</b> Enclave, LaCrosse, Regal \$500-\$2,500 0-6.9%			<i>Expires Aug. 1. In lieu of rebates, cut-rate financing is available.</i>		
<b>2017 models</b>			Encore, Verano \$400-\$750 0-6.9%			<b>2017 models</b>		
<b>BMW</b> 640, 640 Gran Coupe, 650, 650 Gran Coupe, 740, ALPINA B6 Gran Coupe, M6, M6 Gran Coupe, X3, X4 0.9-9.9%			Cascadia, Envision 1.9-7.9%			Mitsubishi Mirage, Mirage G4 \$750 0-7.9%		
i8 0.9-7.9%			Cadillac XTS \$4,000 0-6.5%			i-MiEV 0-5.9%		
Mini Cooper* 0.9-9.9%			ATS, ATS-V, SRX \$3,000 0-2.0%			<b>2016 models</b>		
<b>BMW</b> i3, i8 0.9-7.9%			CTS \$3,000 0-6.5%			Mitsubishi Lancer, Outlander, Outlander Sport \$1,500 0-7.9%		
228, 320, 328, 328 Gran Turismo, 328d, 335 Gran Turismo, 330e, 340, 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, M2, M3, M4, M5, M6, M6 Gran Coupe, M235, X1, X3, X4, X5, X5 eDrive, X5 M, X6, X6 M, Z4 0.9-9.9%			Escalade, Escalade ESV \$1,000 0-6.5%			i-MiEV 0-5.9%		
Mini Countryman Cooper* 0-8.9%			CT6, CTS-V, ELR 1.9-6.5%			<b>NISSAN NORTH AMERICA</b>		
<b>FCA US</b>			Chevrolet Spark EV \$1,000-\$3,500 0-2.0%			<i>Expires Aug. 1. In lieu of rebates, cut-rate financing is available.</i>		
<i>Expires Aug. 1. In lieu of rebates, cut-rate financing is available.</i>			Silverado 1500, Silverado 2500HD, Silverado 3500HD, \$1,000-\$2,000 2.9-6.9%			<b>2016 models</b>		
<b>Chrysler</b> Pacifica \$500 0-5.9%			Impala, Malibu Limited \$1,000-\$1,500 0-4.9%			Infiniti Q50 0-3.9%		
<b>Fiat</b> 124 Spider \$500 0.9-4.9%			Express 2500, Express 3500 \$1,250 2.9-6.9%			Q70, Q70h, Q70L 0.9-3.4%		
<b>2016 models</b>			City Express, Cruze Limited, Malibu (Incl. Hybrid), Spark, Suburban, Tahoe, Volt \$1,000 0-7.9%			QX80 0.9-3.9%		
<b>Alfa Romeo</b> 4C (Incl. Spider) 2.9-3.9%			Equinox, Sonic, Traverse \$500-\$1,000 0-6.9%			QX50 1.9-3.4%		
<b>Chrysler</b> 200, 300, 300C, Town & Country \$500-\$3,000 0-3.9%			Trax \$500-\$750 2.9-6.9%			Q50 Hybrid, QX60 (Incl. Hybrid) 1.9-3.9%		
<b>Dodge</b> Challenger, Dart, Journey \$500-\$3,500 0-6.9%			Colorado, SS \$500 2.9-7.9%			Nissan Leaf \$4,000 0-8.9%		
Charger, Grand Caravan, Durango \$500-\$2,500 0-5.9%			Camaro, Corvette 2.9-7.9%			Maxima, Murano, Pathfinder \$500-\$2,000 0-9.9%		
Fiat 500e \$2,000 0-3.9%			<b>GMC</b> Acadia, Sierra 1500, Savana 2500, Savana 3500, Sierra 2500HD, Sierra 3500HD, Terrain, Yukon, Yukon XL \$500-\$2,000 0-6.9%			Altima, Titan XD \$250-\$2,500 0-7.9%		
500L \$1,000-\$2,000 0-3.9%			Canyon \$500-\$750 0-7.9%			370Z \$1,000 0-7.9%		
500, 500C, 500X \$500-\$1,500 0-4.9%			<b>AMERICAN HONDA MOTOR CO.</b>			NV200, Versa \$500-\$1,000 0-9.9%		
<b>Jeep</b> Cherokee, Compass, Grand Cherokee, Patriot \$500-\$3,500 0-5.9%			<i>Expires Sept. 6.</i>			NV Cargo NV2500 HD, NV Cargo NV3500 HD, Sentra \$500-\$1,000 0-9.9%		
Renegade \$500-\$1,000 0-3.9%			<b>2017 models</b>			NV Cargo NV1500 \$750 0-9.9%		
<b>Ram</b> 1500 \$500-\$4,500 0-5.9%			Acura ILX, MDX, RDX 1.9-2.9%			Frontier, Rogue \$125-\$750 0-9.9%		
2500, 3500 \$1,000-\$2,500 0-6.9%			<b>2016 models</b>			NV Passenger NV3500 HD, Versa Note \$500		
ProMaster City \$500-\$1,750 0-5.9%			Acura ILX, MDX, RLX, TLX 1.9-2.9%			<b>SUBARU</b>		
ProMaster 1500, ProMaster 2500*, ProMaster 3500* \$1,500			Honda Accord, CR-V, Odyssey 0.9-4.9%			<i>Expires Aug. 1.</i>		
<b>FORD MOTOR CO.</b>			<b>HYUNDAI-KIA</b>			<b>2017 models</b>		
<i>Ford expires Aug. 1. Lincoln expires Oct. 3. In lieu of rebates, cut-rate financing is available.</i>			<i>Hyundai expires Aug. 1. Kia expires Sept. 6. In lieu of rebates, cut-rate financing is available.</i>			Subaru Forester, Legacy, Outback 0-7.9%		
<b>2017 models</b>			<b>2017 models</b>			WRX, WRX STI 2.9-7.9%		
<b>Ford</b> Expedition, Expedition EL, Transit 150, Transit 250, Transit 350 \$1,500 0-8.9%			Hyundai Santa Fe Sport \$750-\$1,000 0-4.9%			<b>2016 models</b>		
F-250, F-350, Fusion Energi \$500-\$1,500 0-8.9%			Elantra, Santa Fe \$500-\$1,000 0-3.9%			Subaru BRZ, Forester, Impreza, Legacy, Outback 0-7.9%		
Fusion Hybrid \$250-\$750 0-7.9%			Kia Forte, Sorento \$500-\$1,000 0.9-9.3%			Crosstrek (Incl. Hybrid) 1.4-7.9%		
Escape, Explorer \$250-\$1,000 0-6.9%			Sportage 0.9-9.3%			WRX, WRX STI 2.9-7.9%		
Fusion, Mustang \$250 0-8.9%			<b>2016 models</b>			<b>TOYOTA MOTOR SALES</b>		
Lincoln MKZ, MKZ Hybrid, MKC \$500 0-7.9%			Hyundai Equus \$3,000 0-2.9%			<i>Toyota expires Aug. 1. Lexus expires Sept. 6. In lieu of rebates, cut-rate financing is available.</i>		
Navigator L, Navigator \$1,000 0.9-8.9%			Elantra \$2,250-\$2,750 1.9-8.3%			<b>2017 models</b>		
Continental 0-7.9%			Sonata, Veloster \$500-\$2,750 0-2.9%			Toyota Camry (incl. Hybrid) \$1,500 0-5.9%		
<b>2016 models</b>			Sonata Hybrid, Sonata Plug-In Hybrid \$1,000-\$2,500 0-2.9%			<b>2016 models</b>		
<b>Ford</b> C-Max Energi \$500-\$4,500 0-2.9%			Elantra GT \$2,000 1.9-8.3%			Lexus GS 200t, LS 460 \$2,500-\$5,000 0.9%		
Fusion Energi \$1,000-\$4,000 0-4.0%			Accent \$500-\$1,500 0-1.9%			ES 300h, ES 350, GS F, GS 350, IS 200t, IS 300, IS 350, RC F \$1,000-\$5,000 0.9%		
Expedition, Expedition EL, Focus Electric \$1,000-\$3,450 0-5.9%			Azera \$1,000 0-3.9%			CT 200h \$1,000-\$3,500 0-0.9%		
F-250, F-350, C-Max Hybrid, Fusion Hybrid \$500-\$3,000 0-8.9%			Santa Fe, Santa Fe Sport \$500-\$1,000 0-2.9%			RC 200t, RC 300, RC 350 \$500-\$2,500 0.9%		
Taurus \$1,750-\$2,950 0-5.9%			Tucson \$500 0-3.9%			NX 200t, NX 300h \$500 1.9-2.9%		
F-150 \$300-\$2,250 0-8.9%			Genesis Coupe \$500 0-1.9%			RX 350, RX 450h 1.9-2.9%		
Transit 150, Transit 250, Transit 350 \$500-\$2,150 0-8.9%			Genesis \$0 0-1.9%			Scion FR-S, iA, iM \$500-\$1,500 0-4.9%		
Transit Connect \$1,500-\$2,000 0-6.9%			Kia Cadenza, Forte, Forte Koup, Optima, Optima Hybrid, Rio, Sedona, Soul, Sorento, Sportage \$1,000-\$2,500 0-9.9%			tC \$500 1.9-4.9%		
Escape \$1,000-\$2,000 0-4.0%			Soul EV 0-9.9%			Toyota Camry (Incl. Hybrid) \$500-\$3,000 0-5.9%		
Explorer, Flex, Fusion \$500-\$1,450 0-5.9%			K900 0.9-9.3%			Avalon (Incl. Hybrid) \$2,500 0-5.9%		
Edge, Fiesta, Focus \$1,000 0-5.9%			<b>JAGUAR LAND ROVER</b>			Tundra \$750-\$2,000 0-6.9%		
Focus ST \$500-\$1,000 0-4.0%			<i>Expires Aug. 1. In lieu of rebates, cut-rate financing is available.</i>			Prius \$1,500-\$1,750 0-5.9%		
Mustang \$750 0-7.9%			<b>2017 models</b>			Corolla, Prius v \$1,500 0-6.9%		
Lincoln MKZ, MKZ Hybrid \$1,000-\$2,500 0-5.9%			Jaguar F-Type, XE 1.9-7.2%			Sienna \$750-\$1,500 0-6.9%		
MKT \$1,000-\$1,500 0-5.9%			<b>2016 models</b>			RAV4, RAV4 Hybrid \$500-\$1,000 0-6.9%		
MKC \$1,000-\$1,250 0-5.9%			Jaguar F-Type, XF, XJ \$1,500-\$3,000 1.9-7.2%			Highlander, Sequoia \$750		
Navigator, Navigator L, MKX \$1,000 0-5.9%			Land Rover Discovery Sport, Range Rover Evoque \$1,000 1.9-4.4%			Prius c \$500 0-5.9%		
MKS \$1,000 0-8.9%			LR4 1.9-6.4%			Tacoma \$500		
<b>GENERAL MOTORS</b>			<b>MASERATI</b>			<b>VW GROUP OF AMERICA</b>		
<i>Expires Aug. 1. In lieu of rebates, cut-rate financing is available.</i>			<i>Expires Aug. 1.</i>			<i>Expires Aug. 1. In lieu of rebates, cut-rate financing is available.</i>		
<b>2017 models</b>			<b>2016 models</b>			<b>2017 models</b>		
<b>Buick</b> Enclave 2.9-6.9%			Maserati Ghibli 0-3.1%			Audi Q7 1.4-7.4%		
LaCrosse, Regal, Verano 3.9-6.9%			Quattroporte 0.9-4.1%			R8 1.8-8.8%		
Cadillac ATS, ATS-V, CT6, CTS, CTS-V, XTS, XTS 1.9-6.5%			GranTurismo 1.9-5.1%			A4 1.9-9.4%		
Chevrolet Impala, Volt \$1,000 0-5.9%			<b>MAZDA</b>			<b>2016 models</b>		
Equinox, Traverse \$750 2.9-8.9%			<i>Expires Aug. 1. In lieu of rebates, cut-rate financing is available.</i>			Audi A8 \$5,000 1.4-8.8%		
Camaro, Cruze, Sonic 2.9-7.9%			<b>2016 models</b>			A6, S6 \$1,500-\$2,000 0-7.5%		
Corvette, Silverado 1500 3.9-9.9%			Mazda Mazda6 \$1,500 0-7.3%			A3, Q5, S3, SQ5 \$1,000-\$1,250 1.4-7.4%		
<b>GMC</b> Sierra 1500 \$750 3.9-8.9%			Mazda3 \$1,000 0-7.4%			Q3 \$500 0-7.5%		
Acadia, Acadia Limited, Terrain 2.9-8.9%			CX-3 \$500 1.9-6.8%			A3 e-tron 0-7.5%		
			CX-5 0-8.4%			A5, A7, allroad, S5, S7, TT, TTS 1.4-7.4%		
			CX-9 1.9-7.0%			A4, Q5 Hybrid, RS 7, S4, S8 1.4-8.8%		
			<b>MERCEDES-BENZ</b>			Volkswagen CC, Touareg \$1,500 0.9-6.4%		
			<i>Expires Aug. 1. In lieu of rebates, cut-rate financing is available.</i>			e-Golf \$1,000 0-9.8%		
			<b>2017 models</b>			Golf \$750 0-9.8%		
			Mercedes-Benz C300, E300 1.9-2.9%			Golf GTI \$500 0-9.8%		
			<b>2016 models</b>			Eos, Golf SportWagen, Jetta (Incl. Hybrid), Passat, Tiguan 0-9.8%		
			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%			Beetle 1.9-8.4%		
			Metris, Sprinter 2500, Sprinter 3500 1.9-3.9%			<b>VOLVO</b>		
			Smart ForTwo electric drive \$2,000			<i>Expires Aug. 1.</i>		
			ForTwo \$1,000 0-3.1%			<b>2016 models</b>		
						Volvo S60, S60 Cross Country, S60 Inscription, S80, V60, V60 Cross Country, XC60, XC70, XC90 (Incl. Hybrid) 1.9%		

\*Applies to select models only



**POSTAL NOTICE**  
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North America light-vehicle production by nameplate, June & 6 months

Vehicles are assembled in the United States unless noted.

	June 2016	June 2015	6 mos. 2016	6 mos. 2015	June 2016	June 2015	6 mos. 2016	6 mos. 2015
<b>Mercedes-Benz R class (trk.)†</b>	<b>1,540</b>	<b>0</b>	<b>8,772</b>	<b>0</b>				
<b>AM GENERAL</b>	<b>1,540</b>	<b>0</b>	<b>8,772</b>	<b>0</b>				
X3 (trk.)	13,300	11,679	77,324	68,719				
X4 (trk.)	4,529	4,756	29,506	28,107				
X5 (trk.)	12,479	13,392	84,457	77,625				
X6 (trk.)	2,908	3,623	21,254	23,741				
<b>BMW MFG. CORP.</b>	<b>33,216</b>	<b>33,450</b>	<b>212,541</b>	<b>198,192</b>				
200 sedan (2nd gen.)	13,637	20,182	38,191	112,941				
300 (Can.)	7,905	8,279	45,161	41,732				
<b>Total Chrysler car</b>	<b>21,542</b>	<b>28,461</b>	<b>83,352</b>	<b>154,673</b>				
Pacifica (Can. trk.)	9,007	0	21,760	0				
Town & Country (Can. trk.)	0	14,545	24,260	35,856				
<b>Total Chrysler truck</b>	<b>9,007</b>	<b>14,545</b>	<b>46,020</b>	<b>35,856</b>				
<b>Total Chrysler</b>	<b>30,549</b>	<b>43,006</b>	<b>129,372</b>	<b>190,529</b>				
Challenger (Can.)	7,550	7,934	43,062	39,994				
Charger (Can.)	13,211	13,651	77,209	68,809				
Dart	7,969	10,889	45,171	62,077				
Viper	102	87	578	549				
<b>Total Dodge car</b>	<b>28,832</b>	<b>32,561</b>	<b>166,020</b>	<b>171,429</b>				
Durango (trk.)	8,700	7,788	47,369	44,077				
Grand Caravan (Can. trk.)	20,616	20,514	112,812	50,317				
Journey (Mex. trk.)	14,183	18,727	34,487	104,036				
<b>Total Dodge truck</b>	<b>43,499</b>	<b>47,029</b>	<b>194,668</b>	<b>198,430</b>				
<b>Total Dodge</b>	<b>72,331</b>	<b>79,590</b>	<b>360,688</b>	<b>369,859</b>				
Ram (trk.)	31,204	36,843	185,031	204,546				
Ram (Mex. trk.)	25,918	24,811	145,844	137,835				
Ram C/V (Can. trk.)	0	0	0	4,484				
Ram ProMaster (Mex. trk.)	3,338	2,804	18,500	14,838				
<b>Total Ram truck</b>	<b>60,460</b>	<b>64,458</b>	<b>349,375</b>	<b>361,703</b>				
<b>Total Dodge/Ram</b>	<b>132,791</b>	<b>144,048</b>	<b>710,063</b>	<b>731,562</b>				
Cherokee (trk.)	27,749	30,603	161,710	170,017				
Compass (trk.)	15,207	12,237	81,146	67,350				
Grand Cherokee (trk.)	30,036	30,617	170,404	170,022				
Patriot (trk.)	13,455	14,763	73,528	82,014				
Wrangler (trk.)	6,915	6,575	37,843	36,530				
Wrangler Unlimited (trk.)	19,872	19,406	108,742	107,811				
<b>Total Jeep truck</b>	<b>113,234</b>	<b>114,201</b>	<b>633,373</b>	<b>633,744</b>				
<b>Total Chrysler brands</b>	<b>276,574</b>	<b>301,255</b>	<b>1,472,808</b>	<b>1,555,835</b>				
500 (Mex.)	1,530	1,885	4,100	21,081				
<b>Total Fiat car</b>	<b>1,530</b>	<b>1,885</b>	<b>4,100</b>	<b>21,081</b>				
Freemont (Mex. trk.)	1,403	2,433	3,410	13,517				
<b>Total Fiat truck</b>	<b>1,403</b>	<b>2,433</b>	<b>3,410</b>	<b>13,517</b>				
<b>Total Fiat</b>	<b>2,933</b>	<b>4,318</b>	<b>7,510</b>	<b>34,598</b>				
Grand Voyager (Can. trk.)	0	0	0	408				
<b>Total Lancia truck</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>408</b>				
Total U.S. car	21,708	31,158	83,940	175,567				
Total Canada car	28,666	29,864	165,432	150,535				
Total Mexico car	1,530	1,885	4,100	21,081				
<b>Total N.A. car</b>	<b>51,904</b>	<b>62,907</b>	<b>253,472</b>	<b>347,183</b>				
Total U.S. truck	153,138	158,832	865,773	882,367				
Total Canada truck	29,623	35,059	158,832	91,065				
Total Mexico truck	44,842	48,775	202,241	270,226				
<b>Total N.A. truck</b>	<b>227,603</b>	<b>242,666</b>	<b>1,226,846</b>	<b>1,243,658</b>				
<b>FCA NA†</b>	<b>279,507</b>	<b>305,573</b>	<b>1,480,318</b>	<b>1,590,841</b>				
C-Max	1,660	2,232	10,867	14,153				
Fiesta (Mex.)	5,876	12,235	40,300	58,448				
Focus	22,386	18,887	102,923	131,057				
Fusion	0	1,938	7,864	21,043				
Fusion (Mex.)	24,100	28,303	153,869	160,894				
Mustang	16,185	7,832	84,831	83,546				
Taurus	5,522	6,822	30,695	39,756				
<b>Total Ford car</b>	<b>75,729</b>	<b>78,249</b>	<b>431,349</b>	<b>508,897</b>				
E series (trk.)	3,668	4,745	29,571	31,027				
Edge (Can. trk.)	18,595	14,862	103,402	67,431				
Escape (trk.)	33,066	31,009	181,887	193,672				
Expedition (trk.)	7,290	5,897	37,818	30,044				
Explorer (trk.)	26,917	22,528	167,640	138,160				
F-series (13th gen., alum.) (trk.)	64,005	54,686	374,953	257,133				
F-series Super Duty (trk.)	29,031	27,242	166,377	166,156				
F-series chassis (trk.)	1,675	974	9,840	7,613				
Flex (Can. trk.)	1,996	1,851	13,780	9,567				
Medium (F650/F750, trk.)	934	75	8,393	134				
Medium (F650/F750, Mex. trk.)	0	0	0	5,148				
Transit (trk.)	16,704	13,876	91,159	74,422				
<b>Total Ford truck</b>	<b>203,881</b>	<b>177,745</b>	<b>1,184,820</b>	<b>980,507</b>				
<b>Total Ford</b>	<b>279,610</b>	<b>255,994</b>	<b>1,616,169</b>	<b>1,489,404</b>				
Continental	118	0	339	0				
MKS	0	898	3,114	3,696				
MKZ (Mex.)	5,563	3,885	19,006	16,326				
<b>Total Lincoln car</b>	<b>5,681</b>	<b>4,783</b>	<b>22,459</b>	<b>20,022</b>				
MKC (trk.)	4,534	3,608	23,641	16,303				
MKT (Can. trk.)	180	446	1,988	2,094				
MKX (Can. trk.)	5,416	2,294	25,873	2,651				
Navigator (trk.)	548	957	6,771	8,717				
<b>Total Lincoln truck</b>	<b>10,678</b>	<b>7,305</b>	<b>58,273</b>	<b>29,765</b>				
<b>Total Lincoln</b>	<b>16,359</b>	<b>12,088</b>	<b>80,732</b>	<b>49,787</b>				
Total U.S. car	45,871	38,609	240,633	293,251				
Total Mexico car	35,539	44,423	213,175	235,668				
<b>Total N.A. car</b>	<b>81,410</b>	<b>83,032</b>	<b>453,808</b>	<b>528,919</b>				
Total U.S. truck	188,372	165,597	1,098,050	923,381				
Total Canada truck	26,187	19,453	145,043	81,743				
Total Mexico truck	0	0	0	5,148				
<b>Total N.A. truck</b>	<b>214,559</b>	<b>185,050</b>	<b>1,243,093</b>	<b>1,010,272</b>				
<b>FORD MOTOR CO.</b>	<b>295,969</b>	<b>268,082</b>	<b>1,696,901</b>	<b>1,539,191</b>				
LaCrosse	5,900	3,610	20,752	15,284				
Regal (Can.)	2,276	1,617	13,186	7,918				
Verano	4,297	4,039	23,850	18,891				
<b>Total Buick car</b>	<b>12,473</b>	<b>9,266</b>	<b>57,788</b>	<b>42,093</b>				
Enclave (trk.)	4,757	6,006	27,822	32,000				
<b>Total Buick truck</b>	<b>4,757</b>	<b>6,006</b>	<b>27,822</b>	<b>32,000</b>				
<b>Total Buick</b>	<b>17,230</b>	<b>15,272</b>	<b>85,610</b>	<b>74,093</b>				
ATS	3,382	2,241	18,872	10,598				
CT6	4,008	0	13,437	0				
CTS	2,245	1,487	12,547	6,741				
ELR	0	0	71	49				
XTS (Can.)	1,790	889	16,299	6,454				
<b>Total Cadillac car</b>	<b>11,425</b>	<b>4,617</b>	<b>61,226</b>	<b>23,842</b>				
Escalade (trk.)	2,488	2,477	14,384	14,080				
Escalade ESV (trk.)	1,693	1,804	9,791	8,917				
SRX (Mex. trk.)	0	5,551	7,991	38,481				
XT5 (trk.)	4,910	0	10,117	0				
<b>Total Cadillac truck</b>	<b>9,091</b>	<b>9,832</b>	<b>42,283</b>	<b>61,478</b>				
<b>Total Cadillac</b>	<b>20,516</b>	<b>14,449</b>	<b>103,509</b>	<b>85,320</b>				
Aveo (Mex.)	7,597	7,867	34,914	39,927				
Camaro	12,100	0	61,079	0				
Camaro (Can.)	0	7,071	0	49,492				
Corvette Stingray (7th gen.)	2,856	3,441	19,369	20,276				
Cruze	29,238	24,098	156,883	150,268				
Cruze (Mex.)	2,406	0	8,556	0				
Impala	4,840	3,088	16,689	17,512				
Impala (Can.)	9,040	7,117	47,616	51,169				
Malibu	12,464	22,839	82,894	88,900				
Sonic	5,175	6,046	26,703	35,680				
Sonic (Mex.)	4,070	4,699	23,418	20,386				
Volt	2,919	0	11,048	6,519				
<b>Total Chevrolet car</b>	<b>92,705</b>	<b>86,266</b>	<b>489,169</b>	<b>480,129</b>				
Captiva Sport (Mex. trk.)	10	317	520	3,865				
Colorado (trk.)	10,393	9,444	54,083	47,205				
Equinox (trk.)	0	3,527	0	21,600				
Equinox (Can. trk.)								
Equinox (CAMI, Can. trk.)	16,919	15,122	98,234	96,577				
Express (trk.)	7,761	7,506	41,205	28,506				
Silverado (trk.)	36,314	33,669	189,755	185,153				
Silverado/Cheyenne (Mex. trk.)	24,327	19,479	139,643	118,715				
Suburban (trk.)	6,099	6,793	35,701	33,446				
Tahoe (trk.)	10,340	10,419	58,748	59,458			</	

# final assembly

▶ **Ford earnings:** Go to [autonews.com](http://autonews.com) on Thursday for coverage of Ford's second-quarter financial report.

## Palmer will get up close and personal with DB11s



**DB11: First all-new Aston to debut under Andy Palmer's leadership.**

This spring, Elon Musk told analysts he kept a sleeping bag near the production line at Tesla's factory in Fremont, Calif., and used it "quite frequently" during nights spent inspecting Model X's coming off the line.

**Aston Martin CEO** Andy Palmer may need to make similar arrangements as production begins for the DB11 — the first all-

new Aston to debut under his leadership.

According to a tweet by BBC Autos reporter Matthew Phenix, the CEO has vowed to personally inspect the first 1,000 DB11s to trundle off the assembly line in Gaydon, England. That could make for some late nights after finishing up at the office.

A plaque engraved with Palmer's signature will be affixed to the V-12



**Palmer: Signing off, literally**

engine of every DB11 he scrutinizes.

Thinking of the boss climbing all over a car coming off the line reminds us of when we first met Palmer, in the late 1990s. In those days, he was general manager of vehicle design and testing at the Nissan European Technology

Center in Cranfield, England, north of London, and was never seen without a lab coat.

## What Samardzich already knew: No risk, no reward

"You can take that job, but you'll fail." Barb Samardzich, who is retiring Oct. 1 as vice president and COO of Ford of Europe, recalled those words from an old boss. But she ignored the warning.

The job was chief engineer at Ford's automatic transmission operations in 2000.

"At that time, and this is an understatement, that division was not performing to the same high standards as other Ford divisions were performing to," Samardzich told an audience in London this month at an event organized by *Autocar* magazine.

Her boss at the time "didn't think it was worth the risk" of her taking a job he perceived to be almost impossible. But Samardzich says her experience as a female engineer had taught her that calculated risk-taking was the best way to move up.

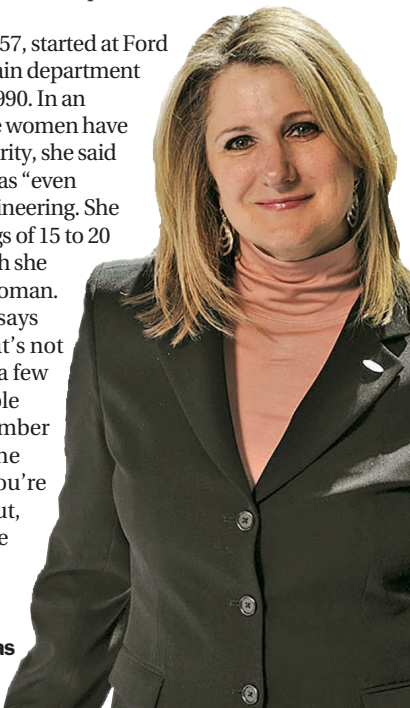
"Powertrain was my technical sweet spot, so it was the foundation for my confidence," she said. She turned the division around and eventually was made head of powertrain engineering.

"It worked, and I got noticed," she said. "It was risky but based on competence in an area I loved."

Samardzich, 57, started at Ford in the powertrain department in the U.S. in 1990. In an industry where women have been in a minority, she said the minority was "even starker" in engineering. She recalls meetings of 15 to 20 people in which she was the only woman.

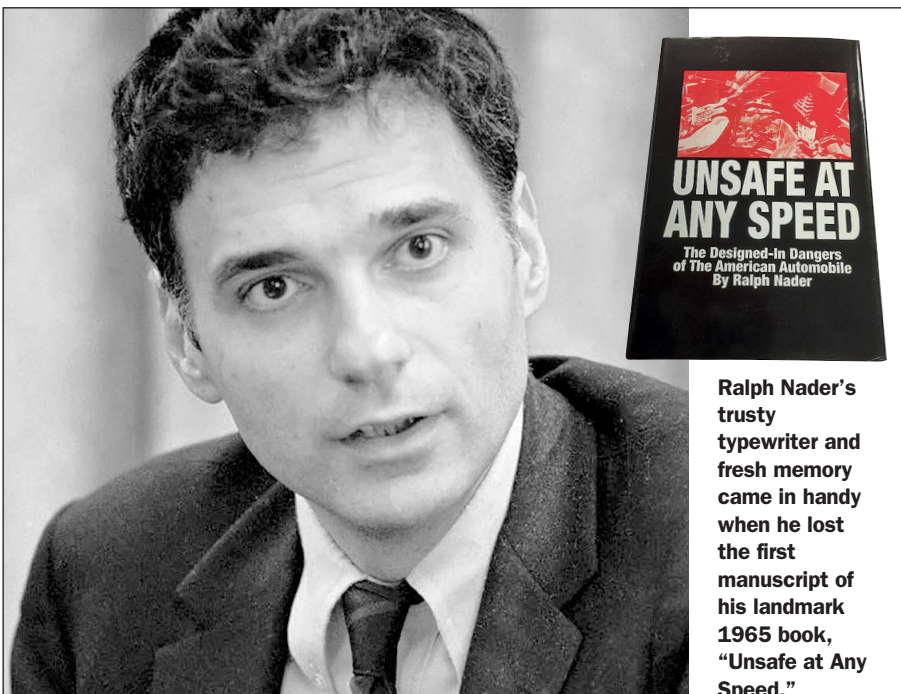
"If the man says something that's not quite right, in a few minutes, people may not remember who said it," she said. "When you're the odd one out, it's much more memorable."

**Samardzich:** "You'll fail" was no deterrent.



**the final say ...**  
**"Automakers are developing more technologies to improve fuel economy and reduce greenhouse gas emissions than we thought possible a few years ago."**

EPA official Janet McCabe



**Ralph Nader's** trusty typewriter and fresh memory came in handy when he lost the first manuscript of his landmark 1965 book, "Unsafe at Any Speed."

## When 'Unsafe at Any Speed' sped away

Ralph Nader's landmark 1965 book on auto safety, *Unsafe At Any Speed*, had a very bumpy ride to the publisher.

The book, which accused automakers of failing to make cars as safe as possible, was a bombshell in the industry. But the book might not have happened at all if the famously disciplined Nader was not, well, famously disciplined.

That's because Nader lost the original manuscript.

"I left it in a taxicab. I went to the lost and found, but they must have thought it was trash and threw it out," Nader

told *Automotive News* staff last week, hours before he was inducted into the Automotive Hall of Fame in a ceremony in Detroit.

Nader, who wrote the book using a manual typewriter — he still uses one — said once he realized his book was gone, he sat down at his Smith Corona and immediately rewrote the book while all the words were still fresh in his mind.

*Unsafe at Any Speed* launched Nader's career and led to the creation of the government agency that became the National Highway Traffic Safety Administration.



**Porsche 911 GT3: Black box told on the Acura NSX team.**

## How Honda's purchase got found out by Porsche

Many manufacturers buy cars from other makers to benchmark while they are developing a new vehicle.

Honda was no different when it was developing the Ohio-built Acura NSX. One of its purchases was the highly regarded Porsche 911 GT3, bought to assess its steering, vehicle dynamics project leader Nick Robinson told *Automotive News*.

Usually, makers go to dealerships just like regular customers, and the rival carmaker is none the wiser. Except these days, with ever more

information being stored in the vehicle's black box, a rogue customer is easier to spot.

Porsche realized that this particular customer was Honda's NSX development team after the GT3 was recalled to fix an issue with the engine connecting rods. When the car was returned, Robinson remembers, the team found a message written under the engine cover: "Good luck Honda from Porsche. See you on the other side."

To develop the \$157,800 hybrid, the Honda team also bought a McLaren 12C. The car needed to return to the dealership a few times for remedial work, but McLaren didn't quite catch on.

Said Robinson: "They wanted to know, where did you go 205 mph? What track?"

**"Good luck Honda from Porsche. See you on the other side."**

A message found under the Porsche engine cover

## FCA salutes Jeep

A unique Jeep Wrangler rolled down the assembly line in Toledo, Ohio, on July 15, looking like a combat zone "jeep" of the distant past. The one-off vehicle was built to celebrate the 75th anniversary of the government contract that allowed Willys-Overland to begin producing the World War II-vintage Willys MB in Toledo. Like the original MB, the Wrangler 75th Salute concept features olive-drab paint and flat fenders and has no doors or B-pillars. Unlike its ancestor, the Wrangler Salute has relatively comfortable seats, an armrest and a modern powertrain.



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