



THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

WANADA Bulletin # 44-09

November 6, 2009

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NADA/Congress Press GMAC on Chrysler Floor Plan Transfers

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Staying Ahead...

NADA Sees 12 million+ Sales in 2010

Rising Used Vehicle Prices make "New" more Attractive

NADA Chief Economist Paul Taylor sees a brighter picture on the employment front, rising GDP and an end to the freefall in home prices, all of which he believes bodes well for a very positive 2010 where new vehicle sales will likely surpass 12 million units.

Writing in his latest "Economic Update," he says a significant shortage of quality used vehicles will also play a critical role in bumping new vehicle sales. Taylor notes that the "normal" supply of used vehicles is down by nearly 5 million units and that, as a result, used vehicle prices have been rising dramatically, which in turn makes a new vehicle more attractive.

Taylor says he expects new vehicle sales in the remaining months of 2009 to follow the pattern established in October, with month-over-month increases, limited discounting and easier access to credit. For the year, he expects sales to total 10.3 million units.

Along with rising sales, Taylor also expects that the dealership count will stabilize in 2010 at around 18,000 rooftops. Correspondingly, he notes that there will likely be about 20,000 dealerships at the end of 2009 (a net loss of 760 from the previous year) and that there will be another 200 net drop in 2010. After that, however, he expects the dealer count to rise as the industry recovers further and Chinese and Indian manufacturers get a foothold here.

The WANADA Annual Meeting & Luncheon

Thursday, Nov. 19, 2009
Hyatt Regency Capitol Hill

"Looking Down the Road"

With

Rep. Chris Van Hollen, D-Md
James Dinegar, CEO of the Greater
Washington Board of Trade



Next year promises to be a dynamic one in the Nation and the Washington, DC area, as the Democrat - led Congress and administration continue their push to revive the U.S. economy and put in place legislation to deal with pressing social, environmental and political issues. In the Washington area, local governments are taking similar actions, particularly when it comes to traffic congestion and reducing environmental impacts.

WANADA members will no doubt be impacted by these efforts, and we are particularly fortunate to have Rep. Van Hollen, a power broker as Special Assistant to the Speaker of the House, and Jim Dinegar, president of the Board of Trade, available to provide us with their insights on what to expect in the coming year.

Please register early as we expect a large crowd.
Click [HERE](#) for the registration form.

NADA/Congress Press GMAC on Chrysler Floor Plan Transfers

NADA, working through Rep. Candice Miller (R-Mich.), is writing to GMAC and Chrysler Financial urging the two firms to put aside any remaining interagency impediments to free up floor plan lines of credit to certain remaining Chrysler dealers desperate for funding. NADA is pressing the issue because Chrysler dealers that have not yet qualified for permanent floor plan lines from GMAC may see their lines of credit expire in mid-November. Without these inventory loans, many Chrysler dealerships and the thousands of jobs they provide are at risk, NADA says.

NADA and Rep. Miller are requesting that GMAC extend the "interim" floor plan financing for an additional six to 12 months to the Chrysler dealers, where 130 to 140 have not been approved for permanent floor plan assistance because of lingering issues with Chrysler Financial. Those dealers represent about five percent of Chrysler Group's 2,366 dealers.

The dealers in question have real estate or capital loans that Chrysler Financial wants paid off before releasing the dealers to GMAC Financial Services, which is now Chrysler's finance company.

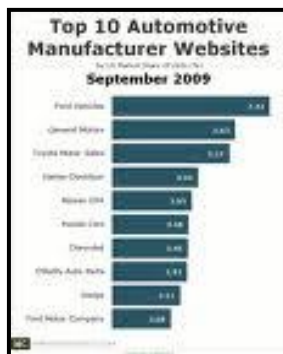
Rep. Miller is circulating her letter to House colleagues to co-sign and NADA is calling upon its dealer members to urge their elected representatives to sign the letter. It will be sent to the CEOs of both Chrysler Financial and GMAC to stress the urgency of the problem for many Chrysler dealers.

NADA Chairman John McEleney sent a similar letter earlier this week to Chrysler CEO Sergio Marchionne urging him to take action. A spokesman for Chrysler this week said the company was trying to find a solution and that "GMAC has been pretty creative to find different ways to get their security handled on floor lines and working capital."

The Obama administration designated GMAC as Chrysler's captive finance company as Chrysler was going into bankruptcy last May. GMAC itself, however, has not been without financial difficulties having recently announced it may yet have to borrow more money from the federal government to stay in operation.

Internet Now Primary Source of Info on Used Vehicles

New J. D. Power Study Shows Online Shoppers Now Equal Lot Shoppers



Internet shopping has reached parity with visits to dealer lots as the primary method for buyers to locate used vehicles, according to the J.D. Power and Associates 2009 Used Vehicle Market Report.

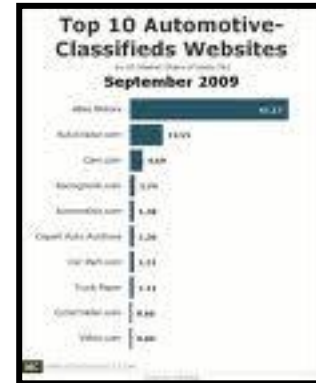
The report finds that reliance on the Internet as a method for locating vehicles for sale has increased from 40 percent in 2008 to 46 percent in 2009--equal to the percentage of buyers who visit dealer lots as their primary shopping method. It also found that 31 percent of buyers found the vehicle they ultimately purchased on the Internet, compared with 28 percent who found their vehicle by visiting dealerships.

"Internet shopping allows for a more efficient matching of buyers with unique used vehicles in the market," said Arianne Walker, director of marketing and media research at J.D. Power and

Associates. "In light of this, dealers should expect the Internet to continue to increase in importance among used vehicle shoppers and adjust their online presence accordingly."

The report also finds that awareness of certified pre-owned (CPO) vehicle programs is strong, with more than 60 percent of used vehicle buyers indicating they intend to purchase certified pre-owned vehicles at the start of their shopping process.

One-half of all buyers of CPO vehicles say they used the Internet to locate used vehicles, while a slightly lower percentage (45%) shopped primarily by driving to dealer lots. The percentage of buyers who visited dealer Web sites specifically for CPO vehicle information has increased considerably to 29 percent in 2009, compared with 19 percent in 2008. Other traditional sources of used-vehicle information such as newspapers, television and radio have low usage rates among buyers seeking CPO vehicle information.



Power also found that among used-vehicle buyers who use the Internet, third-party sites are visited much more frequently than other types of sites, including dealer Web sites. More than nine in 10 buyers (91%) say they visited at least one third-party Web site while 78% visited a dealer Web site, the report said.

"Not only has visitation increased for third-party sites, but they also continue to be viewed as the most useful sites during the shopping process," said Walker. "Overall, users rate sites such as AutoTrader, Cars.com, and Edmunds highly for overall usefulness. In addition, certain third-party sites are also well regarded for usefulness in specific areas. For example, sites like AutoTrader and eBay Motors are perceived as particularly useful for inventory information, while buyers report that ConsumerReports.org and Edmunds are useful for vehicle appraisals and reviews. Sites such as Kelley Blue Book are perceived as being particularly useful for pricing information."

The 2009 Used Vehicle Market Report is based on the self-reported shopping habits of 10,328 used vehicle buyers. The study was fielded from July to August 2009.

Chrysler Wants to Double Sales per Dealer

Considering Regional Stores and Satellite Service Centers



Chrysler wants to see its dealers *double* the number of annual sales at their locations to an average 785 in the next five years and may opt for regional dealer locations and satellite service centers in costly metro areas.

The new goals and distribution/service strategies were laid out during the firm's eight-hour presentation at Chrysler headquarters this week by Peter Grady, vice president of Network Development. Grady said Chrysler expects that 50 percent of its future sales volume will come from dealers located in metropolitan areas and that the firm was intent on maintaining a strong rural presence.

He also said the company will certify some of its metropolitan-based dealers to sell the Fiat 500 in late 2010, provided the dealers meet facilities and staffing requirements. Grady said the company wants a “dedicated salon” area within the showroom for the Fiat 500, separately staffed and trained sales people and managers and that the emphasis will be on customizing the Fiat 500 with a wide range of accessories.

He said Chrysler will no longer market its vehicles in base, mid or high packages but instead will offer vehicles in several personality categories, with the lower end defined as "Sweet," or simple, "Fun," or practical, and "Uptown," which is the luxury line. There will also be "Thrill Seeker" and "Cool" categories, Grady said.

Chrysler will stay with NASCAR, but drop from sponsoring two teams to one and partner with Detroit auto tycoon Roger Penske.

Chrysler also will continue with its sponsorship in the Nationwide Racing Series.

The “Connected” Car - Coming Before You Know It!

Automobiles will soon be linking up with servers in “The Cloud” to enable everything from crowd sourced pothole detection and personalized radio stations to video selections that include YouTube and even video streams from the front windows of other cars. “The Cloud” is the next wave in high technology, such that a system with dramatically faster computing capabilities will be achieved by linking multiple computers in lieu of the mainframe systems commonly used today.



“The Cloud” connected Prototype Toyota Prius

Farfetched for sure, but a consortium of high tech companies called *ng Connect* is already showing off a functional concept of such technology that includes multiple LCD screens, an app platform similar to the one for the iPhone, and a high speed long term evolution (LTE) Internet connection that promises to make 3G feel like dial-up. On the one hand, the idea is to turn a car into a Wi-Fi hot spot that allows you to play movies and games on demand as well as perform a variety of voice controlled tasks, and on the other to act as a sensor and communication device that constantly transmits road information to “The Cloud” for further use

by others.

For example, if the car hits a pothole, it can send a signal to the municipality allowing it to see potholes appearing in real-time and send out a truck to fix them. Or, if the car’s temperature and moisture sensors determine that the surface temperature of the road is below freezing, that information could be sent to the cloud so that the drivers behind know to take it a little easier around the turns. It’s like a crowd-sourced version of what traffic helicopters do today, the developers say.

ng Connect is comprised of high tech companies Alcatel-Lucent, Atlantic Records, QNX Software Systems, Toyota and gadget companies chumby and Kabillion. Their LTE Connected

Car project is only a prototype now, but the group expects its technology to roll out within the next two to three years.

ng Connect chose the Toyota Prius rather than a luxury model as its prototype because research showed that the segment of the population most interested in connected cars with advanced features is not the same who buy high-end luxury models. Rather, it's young families and older singles that see *connected* electronics as a necessity.

Chevy Chase Cars and Martens Volvo-Volkswagen Cited in *Bethesda Magazine's* Historical "The Way We Were" Issue

WANADA dealer members Chevy Chase Cars and Martens Volvo-Volkswagen got a bit of recognition this month in Bethesda Magazine's "The Way We Were," special edition, which took a look back at the beginning of Montgomery County, Md., and the businesses that were part of it.

Chevy Chase Cars, which is celebrating its 70th anniversary this year, was founded in Bethesda during the heart of the Great Depression by Art Bowis. At that time Bethesda was little more than agricultural countryside and John Bowis, the grandson of Art Bowis, says rumor has it that his grandfather "had to pawn my grandmother's wedding ring to buy the property."

The business has been in the Bowis family since the beginning and subsequently was operated by Fred Bowis, John's dad, beginning in the 1960s. John Bowis has been the principal since 1993, being joined by Sam Weaver, his partner, in 2000. In the 1980s Chevy Chase Cars was the highest volume Chevrolet dealership in the U.S. and has over the years sold Oldsmobile, Buick and Hyundai vehicles. Today, in keeping pace with the changing demographics of greater Bethesda, the dealership sells Acura and Nissan products.

The forerunner organization to Martens Volvo-Volkswagen was founded in 1904 by L. P. Steuart and his brothers who began selling cars (Model T's) in 1916. The L.P. Steuart organization, later Martens, became one of the Washington area's first multi-location "mega" dealer groups in the 1960s under the stewardship of Harry Martens, Jr. Located today on Wisconsin Avenue in upper NW DC, the dealership has a strong customer base in Bethesda where it maintains a service center. Martens has remained in the family from the beginning and is today operated by Harry Martens III, Ginger Martens and Dana Martens.

Halloween Respite at WANADA



Like they do each Halloween, the moppets from the nearby day care center came again this year "trick-or-treating" the WANADA staff with their charm and personalized costumes. It's a highlight of the season at the WANADA office and reminds us all of the innocence of childhood and the sheer joy to be found in contributing to the merriment of small children. Not a bad respite in these times when so much of everything else is grim.

IN MEMORIAM
Dennis O. Rippeon

It is with profound sadness that WANADA reports the untimely passing of Dennis Rippeon of Ourisman Automotive. He died Wednesday of this week at the nursing home where he had been receiving care since last winter as a result of a rare, but terminal brain disorder with which he'd been stricken in 2008. He was 62.

A career automobile business executive and Washingtonian, Dennis was an officer and pivotal operations man in the Ourisman organization, working closely with his partner, Bobby Ourisman, at the Rockmont Chevrolet location in Rockville Md.

Dennis Rippeon started in the automobile business in 1969 at Woodfield Ford in Gaithersburg, Md. after graduating from the University of Maryland, College Park. From there, he spent a number of years with Chevy Chase Chevrolet in Bethesda, Md., later going to the King Automotive Group in Gaithersburg, Md. He had been with Ourisman Automotive since 1991.

Dennis held leadership positions in any number of dealer line group organizations in the metropolitan area and served on the National Chevrolet Dealer Advisory Board from 1996-2006. He served on WANADA's Board of Directors from 1994-2006 during which time he held officer positions, to include presiding as WANADA's Chairman in 2004 and 2005.

Before becoming incapacitated, Dennis was honored with the Time Magazine Quality Dealer Award (TMQDA), which he was in attendance to receive at the 2009 NADA Convention in New Orleans last February.

Funeral arrangements are through Pumphrey Funeral Home in Rockville at 300 West Montgomery Avenue (20850) where the family will receive visitors on Monday, November 9, between 3 and 5 p.m. and 7 to 9 p.m. A funeral service is scheduled at 10 a.m. the following morning, Tuesday, November 10, at Darnestown Presbyterian Church, 15120 Turkey Foot Road, Gaithersburg, MD 20878, with interment at the Gate of Heaven Cemetery, 13801 Georgia Avenue, Silver Spring MD 20906.

Contributions to his memory may be sent to the Need Based Scholarship Program, University of Maryland College Park as follows: UMCP Foundation, Office of Gift Acceptance, 4511 Knox Road, Suite 205, College Park, MD 20742.

To Dennis' wife Priscilla, sons Brandon and Benjamin and the rest of his family and many friends, WANADA extends its sincerest sympathy.

Staying Ahead...

All must strive to be good ancestors for future generations.

- -Jonas Salk, MD

Developer of the Polio Vaccine