

Headlines...

***** 2010 NADA Convention Underway in Orlando, Fla. Full Convention Report Later This week*****

DC Area Begins to Total the Snow Cost

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DC Area Begins to Total the Snow Cost

Federal Government Closed for Unprecedented Four-and-a-Half Days



It will come as no surprise to WANADA members that the snows of the past week were unlike any to hit the Washington Area in 100 years. Indeed, the 55.9 inches recorder thus far this season, is nearly an inch more than the previous record. According to the *Washington Post*, the federal government has *never* been closed for 4.5 days in a row and it remains unclear how long it will take for the area to get back to "normal." The previous record shutdown was three days in January 1996.

What the financial impact will be is unclear as well. According to Stephen Fuller, the director of the Center for Regional Analysis at George Mason University, the payroll for the 270,000 local federal employees amounts to \$102 million per day, which constitutes about a third of the local economy. "I am sure that money will still be spent in the area, but more likely on essentials than luxuries," he said. For dealerships, that likely means a significant increase in vehicle service business.

Meanwhile, the governments of Maryland, DC and Virginia are applying for federal disaster relief funds and are anticipating they will receive those monies. Those loans, critical to state budgets that were already under heavy pressure, will be used to offset budget deficits caused by the costs of snow removal and other storm related efforts.

Consumers Change Their Minds Again on Fuel Economy

A new report from automotive consulting firm Auto Pacific reveals what every automobile dealer knows: When it comes to predicting what cars and trucks consumers will buy, "fickle" is the operative word.

Auto Pacific, which surveys consumer purchase intentions on a quarterly basis, found in a survey a year ago that 24% of respondents intended to purchase a small vehicle for their next car and 25% a hybrid vehicle. Only 16% of respondents intended to buy an SUV and even fewer (10%) planned on buying a pickup truck.

A year later, things look quite different, even as the average price of gasoline has increased 80 cents per gallon to \$2.69. Asked in January 2010, just 12% of respondents said they would buy a small car and only 11% a hybrid vehicle. Meanwhile 26% intend to buy an SUV (an increase of 63%) and 15% plan on buying a pickup truck.

“Consumers have very short memories,” said Jim Hossack, Auto Pacific director, referring to the high gasoline prices in the summer of 2008 that drove purchase intentions.

This shift in consumer intentions highlights a problem all automakers have, however, when it comes to meeting stringent federal regulations that dictate a corporate average of 35.5 mpg for new vehicles sold by 2016. Mike Jackson, the head of AutoNation, highlighted this very problem in a speech at the recent SAE International Conference held during The Washington Auto Show, which he reiterated in his remarks to the opening session at the NADA convention last weekend, where he called for European style taxes on gasoline. “Without a floor on fuel prices, or a tax on fuel, we will never reach these fuel economy goals and automakers will never be able to sell the vehicles necessary to achieve them,” he said.

Nissan Taking Orders for LEAF

New EV Grabs Attention and Honors at The Washington Auto Show and is Slated for DC Area Launch by End of 2010



DOE Secretary Stephen Chu plugs in the Nissan LEAF during his visit to The Washington Auto Show as Nissan's Scott Becker, senior vice president NA (L) and Mark Perry (C) director of electric vehicle planning, look on.

Nissan is ready to begin taking orders for the 2011 LEAF sedan. The all-electric vehicle, which was showcased at The 2010 Washington Auto Show's Advanced Technology SuperHighway to the delight of congressmen, Obama administration operatives and consumers, also received The Green Car Journal's *Green Car Vision Award*, as the first full production all-electric passenger vehicle ready to hit the road.

Washington, DC is one of the first locations where the vehicle will be offered.

Interested customers will be able to place a refundable \$100 reservation fee, starting in April, for the lithium-ion-powered LEAF, which will be one of the first in a new generation of battery-electric vehicles, or BEVs, expected to reach market over the next several years. The deposit will put registrants at the head of the line when the formal ordering process begins in August. Nissan plans a phased rollout of the 2011 LEAF, starting in December 2010.

The LEAF will be available for either lease or sale when it comes here. The battery pack will not be separately priced, as Nissan originally suggested it might do.

“The Nissan LEAF purchase process will be effortless, transparent and accessible, offering value with a one-stop-shop approach for everything related to the car, including the assessment, permitting and installation of in-home battery charging units,” said Carlos Tavares, Chairman, Nissan Americas.

Nissan has formed a series of alliances with utilities and other partners like Aero Vironment, across the U.S., to handle the installation of home, high-voltage chargers, which can significantly reduce the time needed to recharge LEAF’s battery pack.

Nissan has also formed an alliance with Hertz, which plans to offer the battery car in select markets.

Arbitration Update

GM Hopes for Resolution within Two Months Chrysler Reserves Its Right to Legal Challenge

General Motors hopes to have arbitration wrapped up within two months with the 1,160 GM dealers who have filed for the congressionally mandated process to have their franchise restored, Mark Reuss, GM's North America president, said at the Chicago Auto Show this week.

Reuss said GM wants to deal with each case individually even though it would probably be simpler to try and apply a single policy to resolve the disputes.

By law, the arbitrations must be completed by June. But Reuss said he sees arbitration as a last resort and is hoping many cases will be settled before going to a third-party ruling.

GM aims to treat arbitration with the "utmost respect," Reuss said, because “dealers are the most important interface we have with customers," and a buyer will not return no matter how good the product is, if the service is not there.

Meanwhile, *Automotive News* reports that Chrysler, while agreeing to arbitrate with 418 of its closed dealerships, is expressly telling those dealers “Chrysler Group does not waive any rights, remedies and defenses available to it, all of which are expressly reserved, including without limitation Chrysler Group’s right to challenge the legislation, in whole or in part, on constitutional or any other appropriate grounds in this proceeding or in any other proceeding.”

Chrysler said last month it would proceed with arbitration and “looks forward to the expeditious completion of the process.” That statement was a big change from CEO Sergio Marchionne’s earlier comments that he was considering challenging the process on constitutional grounds.

Suzuki Here To Stay

“We’re here to stay.” That’s the word from Suzuki Vice President Gene Brown on the company’s long-term commitment to the U.S. market. Brown made the statement at the Chicago Auto Show when reporters again raised the question about Suzuki’s intentions for the U.S. market in light of declining sales here.

Brown said Suzuki will soon launch a new advertising campaign to show off the Kizashi, a well-reviewed sedan that the Japanese maker believes will help elevate its profile in the States. Suzuki is one of the smallest carmakers operating in the U.S. with sales of less than 100,000 units.

Brown said that Suzuki aims to shift its brand’s image by putting less emphasis on its value message and emphasizing a sportier message that ties back to Suzuki’s other products, such as motorcycles, ATVs and marine products, which already appeal to younger more active buyers.



The sporty look of the midsize Kizashi and the compact SRX, as well as the Grand Vitara SUV, all fit well into that new marketing strategy, he said.

Suzuki is far more successful in other parts of the world than the U.S. It has more than 40% of the booming market in India and it also makes the single best-selling car in Japan. Suzuki recently entered into a new alliance with Volkswagen AG, giving it access to advanced diesel powertrain technology.

First “Trucks for Haiti” Set to Leave Today

The first car carrier load of WANADA dealer member “Trucks for Haiti” donations is set to depart for Florida today from Sheehy Ford of Springfield. Championed by Vince Sheehy and Paul Sheehy of Sheehy Auto Stores, the truckload of cargo vans and pickups will leave from Sheehy’s Ford of Springfield, Virginia location, which is serving as the drop-off point for trucks donated by area dealers. They will be delivered to Starling Chevrolet in Orlando, Florida for ultimate shipment to Haiti.

The donation effort is part of the recently announced “Trucks for Haiti” campaign through the Bush-Clinton Haiti Relief effort and pursuant to NADA’s goal of 100 trucks from U.S. new car dealers.

As per a WANADA Member Special Bulletin on February 2, WANADA dealers interested in joining this industry-wide humanitarian effort were invited to call Gerard Murphy, John O’Donnell or Jake Kelderman in the WANADA office at (202) 237-7200, or email Gerry at gm@wanada.org. There is no “end time” to this relief effort and dealer members are encouraged to donate when they can.

Trucks donated are “in kind” charitable contributions for income tax purposes, with vehicle titles transferred to the Clinton Foundation. While all trucks must be serviceable, and off-road vehicles preferred, *all* trucks, new or used, will be accepted. Dealers should e-mail trucks@clintonfoundation.org if they can make a tax-deductible contribution of a small, cargo or light pickup truck. **Click [here](#)** for the Motor Vehicle Bill of Sale/Donation Receipt form. Then contact WANADA to hook up with Sheehy Ford of Springfield.

Thought for the Week...

A deal too good to be true, usually is.

On Valentine’s Day 1929, seven members of the Bugsy Moran gang are gunned down by Al Capone’s henchmen while waiting to buy a promised load of cheap whisky.