

### Headlines...

**SAAR projects 15 million in October, a 55-month high as “fiscal cliff” looms**  
**Post-recession, Americans buy fewer cars over their lifetime**  
**NADA protests against stair steps, factory image program**  
**Obama trumps Romney in post-debate auto bailout poll, but trails overall with voters**  
**Mass., NY dealer associations sue Tesla over company stores**  
**Feds looking at rules for self-driving cars**  
**Simulation lab at Ohio State offers way to study driver distraction**  
**Browns Automotive robbed; here’s the thief’s MO**  
**Position wanted**  
**Staying ahead...**

## SAAR projects 15 million in October, a 55-month high as “fiscal cliff” looms

The seasonally adjusted annual rate (SAAR) for U.S. new light vehicle sales is projected to hit 15 million in October for the first time since February 2008, says *WardsAuto*. That would be up slightly from September’s very good sales, which reached a 14.9 million SAAR.

The projected October *daily* sales rate would be a 6.5 percent drop from September (less than the typical drop in that period in recent years), but 13.1 percent higher than a year ago.

Ward’s attributes the rise to an improving economy, projected strong fleet sales and aggressive marketing of new models.

Ward’s forecasts that GM’s October sales will rise 9.7 percent from a year ago, Ford’s will go up 5.4 percent, and Toyota and Honda will see double digit growth from their stressed, post-tsunami sales a year ago. Although Nissan’s sales typically drop from September to October, it could decide to boost its numbers with fleet sales.

Research company R. L. Polk cites several positive trends that could help sales: low interest rates, a slowly recovering housing market, improved consumer confidence and dropping gas prices. On the downside are persistent high unemployment, a decrease in orders for durable goods and the threat of the much discussed and ominous “fiscal cliff.”

The biggest risks to recovery of U.S. light vehicle sales, says Polk: geopolitical tensions causing an interruption in oil supply and a jump in oil prices; an unacceptable continuation of the enormous national debt; and the prospect of Congress failing to timely avert the fiscal cliff,

triggering big cuts in federal spending and unsustainable tax hikes, all resulting in a recession more pronounced than the last one.

## Post-recession, Americans buy fewer cars over their lifetime

On average, Americans will buy four fewer new cars in their lifetime than before the recession, says automotive researcher R.L. Polk.

Consumers are expected to keep their new vehicle six to eight years, double the typical past expectation of three to four years. The reasons are no surprise: Cars are better quality and last longer. As prices rise, buyers are less willing to take on a new-car payment. And loan terms continue to stretch out, making it harder for consumers to reach positive equity and instead go “upside down.”

The change, of course, gives dealers and automakers fewer chances to retain or steal customers. By the time a consumer is ready to buy a new car, the individual may be in a new life stage and need a different kind of vehicle. “Their needs for a vehicle may have changed, so they may abandon the brand they’ve driven for many years,” Polk director of forecasting Anthony Pratt told CNBC.com.

## NADA protests against stair steps, factory image program



NADA Chairman Bill Underriner took the fight against stair-step incentives and factory image programs to the Detroit Automotive Press Association last week.

“Two-tier pricing and mandatory facility upgrades are symptoms of a bigger overall problem: manufacturer intrusion into dealers’ businesses,” Underriner told reporters.

The sales bonuses hurt both brand value and dealers’ relationship with their customers, he said. NADA says the incentives give an unfair advantage to some dealers, since the amount varies depending on how close a dealer is to meeting the sales goal.

On required facility upgrades, NADA has asked for a tiered program, such as bigger upgrades for bigger dealers. But factories have not agreed to that request.

NADA is in the midst of a study to assess the return on investment of factory-mandated dealer upgrades. The association has asked automakers to quantify the value of dealers’ investment in the upgrades, but has gotten little response. Early next year, NADA will look at dealer data.

In the study, NADA recommends that the automakers work harder to ask for dealers’ views on the programs before they are put into place.

Underriner also told *WardsAuto* that NADA is working to overturn the recent mandate for CAFE increases to 54.5 mpg by 2025. The dealer group supports legislation introduced by Rep. Mike Kelly (R-Penn.) asking for Congress to do further economic and safety analysis and to assess the effect of CAFE increases to 35.5 mpg in 2017.

“It’s going to be very hard for the manufacturers to build the cars the public wants that get 54.5 mpg,” Underriner said. “The other problem is the cars are going to cost more.”

## Obama trumps Romney in post-debate poll on automaker rescue, but trails overall with voters

Surveyed registered voters favor Obama on the rescue of GM and Chrysler by 42 percent versus 29 percent for Romney, in a Reuters/Ipsos poll taken after the third presidential debate last week. Independent voters preferred Obama on the issue by 30 percent to 12 percent. These poll results occurred, notwithstanding fact finders subsequently confirming Romney’s claim that the New York Times misquoted him on the automaker bankruptcies.

Despite the automaker rescue issue, the Gallup Poll has Romney ahead of Obama by one percent of registered voters.

Although the debate was supposed to be about foreign policy, the candidates had a heated exchange about the \$80 billion automaker rescue, with President Obama telling Mitt Romney that if the governor had had his way, Americans would be buying cars from China now instead of selling cars there. “I’m a son of Detroit,” Romney retorted. “I would do nothing to hurt the U.S. auto industry.”

## Mass., NY dealer associations sue Tesla over company stores



The Model S is Tesla’s flagship luxury electric sedan.  
Photo by Tesla.

As NADA seeks a meeting with Tesla about its sales network plans, two state dealer groups have sued the automaker over sales outlets that the dealers say violate state franchise laws.

The Massachusetts Automobile Dealers Association is suing over a store in suburban Boston, and the Greater New York Automobile Dealers Association over another in White Plains. The showrooms are modeled after Apple’s.

The sales strategy is necessary, wrote Tesla CEO Elon Musk in a blog post, because

dealers have “a fundamental conflict of interest” between selling gasoline-powered cars and electric vehicles. “It is impossible for them to explain the advantages of going electric without simultaneously undermining their traditional business,” he said.

Dealers’ concerns about Tesla are “a state-by-state issue depending on specific franchise law,” wrote NADA Chairman Bill Underriner in a statement.

## Feds looking at rules for self-driving cars

The National Highway Traffic Safety Administration has held talks with Google and the automakers about the driverless cars they hope to introduce in several years.

Nevada, Florida and California have authorized testing of autonomous cars on their roads, and several other states and D.C. are considering it. In the current test vehicles, a driver must still be present and ready to take control of the wheel if necessary. The next step, though likely not available for ten years or so, would be for the driver to cede control completely after programming the destination.

In an industry gathering last week sponsored by Volvo and the Swedish Embassy, NHTSA Administrator David Strickland said that with human error a factor in more than 90 percent of traffic deaths, automated vehicles hold “great promise” for reducing vehicle crashes.

The technology could also be helpful to people currently unable to drive, such as the elderly and the blind, Strickland said.

Volvo plans to introduce a “traffic jam assist” system in 2014 that would let a car follow the car in front of it at up to 30 mph without the driver needing to use the accelerator or brake. Volvo officials are anxious to have a single federal rule covering the technology rather than state-by-state regulations.



The new lab will help automakers that want to offer products that won't be dangerously distracting for drivers.

## Simulation lab at Ohio State offers way to study driver distraction

A new \$1.3 million Ohio State University driving simulation laboratory, partly funded by Honda R&D Americas, will help researchers study driver distraction and how to prevent it.

“We are looking at factors beyond the conventional aspects of the driver-vehicle interface to truly understand the psychological and

cognitive aspects of driver behavior,” says Steven Feit, chief engineer at Honda R&D Americas.

The lab could be useful to automakers when, as expected, NHTSA announces guidelines this fall to ensure that drivers don't become too distracted by entertainment and navigation systems in cars. Automakers will need to test the systems in a driving simulator to ensure compliance.

A vehicle frame mounted on a platform with six degrees of motion will give people in the simulator a sense of motion similar to that of riding in a car.

The lab will allow researchers to study how particular groups, such as teenagers and the elderly, may differ in the way they respond to different driving situations.

## Browns Automotive robbed; here's the thief's MO

Browns Automotive was robbed the weekend of October 19. The thief is still at large because the police do not have enough information about the perpetrator to make an arrest. Here's what to watch for:

A man comes into the store around closing time and hides in the building. He waits for most of the people to leave and before the alarm is set, he hangs rags over the motion sensors and cameras. After everyone has left, he tries to take the safe if it is not secure, takes as many customer files as possible to sell for identity theft, goes to the cashier's office to check for cash in the cash drawer, and goes into the shop (for unknown reasons).

Browns' advice: Make sure you know everyone who is in your store at closing time. Sweep through the store to make sure everyone has left before you set the alarm. Look for any signs of tampering with security devices. And make sure all employees are safe. Call the police at any sign of a suspicious act.

## Position wanted:

**Seasoned Automotive Executive** with a distinguished and extensive career in the automobile business in all aspects of vehicle sales, fixed operations and business management is seeking a position as a general manager or GSM in a Washington area dealer organization. This individual cites his strengths with marketing, strategic planning and team building.

Please follow up with Gerry Murphy at 202-236-4646 or gm@wanada.org.

### Staying ahead...

Always drive safely, because like your car, you could find yourself unexpectedly recalled by your maker.

-- Roadside message from a downtown Washington church