

Analysts Expect Sales to Rise When Promos Return

By SHARON SILKE CARTY
AP Auto Writer

DETROIT (AP) — If you're holding out for a bargain on a car, you could be rewarded this month or next.

Automakers are more likely to offer promotions on certain makes and models — particularly luxury cars, SUVs and trucks — to clear out their older models and improve their year-end numbers.

Overall, the auto industry remains cautious about generous rebates and low-cost loans to lure customers. Newly lean and profitable carmakers don't want to erode the bottom line by offering too many sweet deals that cut into profit margins.

But, as the end of the year approaches, some shoppers, including many Toyota buyers, could find bargains. Even a disciplined industry can't resist end-of-the-year sales.

So far this year, auto sales have held fairly steady, at a level well below what was considered normal before the recession. The automakers held back on rebates in July and August, which are typically big months for promotions, and results were mixed. July sales were slightly better than a year earlier. August sales were the worst since 1983.

Americans are still unsure about the economy, and hesitant to make a large purchase like buying a new car unless they absolutely need to or the deal is too good to pass up, says Jessica Caldwell, senior analyst at consumer web site Edmunds.com.

"People are on the sidelines waiting for that deal message to come," she says. "When they hear it, generally during the holiday season, they

might start buying again."

In general, automakers offered more incentives this October than last — about \$2,800 per car, a 6 percent increase, according to the car price information service TrueCar.

Many automakers kept incentives flat, while others, such as Honda and Toyota, piled on the rebates. Honda's incentives were double last year's, and Toyota's were up 50 percent.

October sales are expected to come in slightly below 1 million vehicles, hitting around 12 million on a seasonally adjusted annual sales rate. Sales in October were uneven, coming in strong some days and really weak on others. The last eight days were particularly weak.

So far this year, sales have ranged from a low annual rate of 10.53 million in February to a high of 11.76 in September.

"There's been so much focus on the elections, people are not as confident," says Bert Boeckmann, owner of Galpin Ford in suburban Los Angeles. "My hope is that after the election, they'll come back in."

Customers may come back when they see holiday deals on luxury cars. Those Christmas-themed commercials with the big red bows may start airing well before the holidays — a not-so-subtle attempt by automakers to remind customers that buying cars can be fun.

"This whole idea about giving a car as a gift, it's one of the long-standing holiday commercial campaigns that has really resonated with the luxury consumer," says Steve Jett, national marketing communications manager for Lexus.

Lexus and Mercedes-Benz are battling this year for the title of No. 1 luxury carmaker. It's a title Lexus has held for years, but the carmaker is lagging behind Mercedes by about 3,000 vehicles in 2010. And with newer models rolling out, the carmakers will try to push out the older models.

"It's such a sensitive segment to old-versus-new," said Caldwell.

And when it comes to holiday marketing, retailers believe it's never too soon to haul out the holly. Expect the Mercedes and Lexus Christmas commercials to start soon.

"We'll start to see those commercials by Thanksgiving, if not earlier," says Jesse Toprak, vice president of industry trends at TrueCar. "I don't know anyone who actually gives someone a car for Christmas, but those commercials are incentive to some customers to go out and buy a car."

Toyota will probably maintain big rebates for the rest of the year, trying to win back customers scared off by the company's recalls from earlier this year for problems with acceleration and braking.

And Ford, which is offering the biggest rebates on 2010 models in an attempt to grab market share from rivals, will probably keep up the promotions. The company is offering up to 15 percent off the sticker price on some of its 2010 models, such as the Ford Focus.

Truck and SUV buyers will also find deals in the upcoming months, Toprak predicts. Typically, as the weather starts getting colder, it's easier to convince people they

need four-wheel-drive and all-wheel-drive vehicles.

George Fowler, general manager of Superior Buick-GMC in Dearborn, Mich., says leasing is loosening up, making it possible to offer some smaller SUVs for around \$300 a month.

Quietly, banks have eased back into the leasing market after abandoning it because of the financial crisis in 2009. Today's \$300 monthly leases are a good deal these days, Fowler says, but that's nothing compared with the deals he was able to push just three or four years ago.

"I don't think we'll ever get back to the days of \$200-a-month leases," he declares. "Those days are gone forever."

Volt Will Change the Whole Dynamics Of Auto Transport, Says GM's Akerson

By Stefanie Carano
Staff Reporter

Visitors to Charles L. Spain Elementary-Middle School in Detroit can get a clear view of the Renaissance Center from the southwest side of the grounds.

And it was here on Oct. 29 that General Motors' Dan Akerson spoke briefly to members of the press about his newly established position as CEO and the company's newest product, the Chevrolet Volt.

Akerson said that as the type of person that doesn't go with initial premise or conventional wisdom, he is happy with his current position.

"I think this is a great job, it's an opportunity to serve,"

he said, "and I think the company has great prospects."

In response to the news that the Chevrolet Volt will not be allowed on California's HOV (high-occupancy vehicle) lanes, he maintained confidence in the vehicle's marketability.

"I don't think that will make a material difference in the end to the success or failure of the Volt," he said. "It is a unique technology, a car that I am personally driving now, that will change the whole dynamics of automotive transportation, in my opinion."

Akerson's visit to Spain Elementary-Middle was to announce a \$10,000 donation, provided by his family foundation, to the Detroit Public School Foundation and to participate in a panel discussion intended to motivate an audience of Spain eighth graders. The panel included military academy boxers and coaches. Akerson himself is a U.S. Naval Academy graduate.

He spoke about his experiences in the academy and how sports played an important role in his life.

"Sports is a metaphor for life, it's very important," he said. "There's inevitably leadership, leadership in the field, leadership when things are not going so well, leadership and humility when things are going well."

He continued the comparison, stressing the importance of teamwork and of self-discipline to make the right choices, and to associate with the right people.

"To recognize that sometimes you will make a bad choice," Akerson said. "Back up, repair the damage, remedy the situation and move on."

A will to win, he said, combined with determination and discipline will be necessary to achieve one's goals.

"I'm so impressed with your group and your school," Akerson said to the students. "And I know that Detroit Public Schools need the support, and you should all know that our people are pulling for you and want you to do well."

Former Ford CFO Devine is Interim-CEO at Dana

Maumee, Ohio-based auto supplier Dana Holding Corp. made some major executive staffing changes last week.

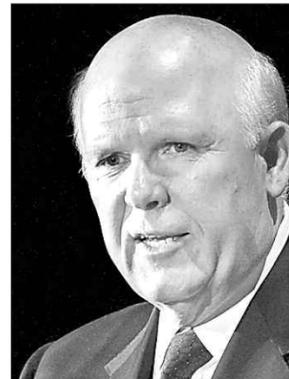
Dana announced that James E. Sweetnam, president and chief executive officer (CEO), has resigned by mutual agreement with Dana's Board of Directors.

John M. Devine, executive chairman, will serve as Interim CEO while the Board conducts a search for a permanent successor.

A Search Committee led by director Richard F. Wallman will conduct the search with the assistance of a leading executive search firm.

Devine has played an executive leadership role at Dana since 2008. In addition to serving as Executive Chairman of the Board since that time, he has also previously served as CEO.

Devine has held a variety of senior executive positions during a more than 30-year career in the automobile in-



GM CEO Dan Akerson visited Charles L. Spain Elementary-Middle School recently to announce a \$10,000 donation to the Detroit Public School Foundation, courtesy of Akerson's family foundation.

dustry, including Vice Chairman and CFO of General Motors and CFO of the Ford Motor Co. in Dearborn.

Keith E. Wandell, Lead Independent Director, said, "The Board appreciates Jim's service to Dana. He helped lead the company through a difficult period and we thank him for his efforts. At this juncture, the Board has concluded that new leadership is appropriate to take Dana to the next level. We wish Jim well in his future endeavors."

Devine said, "I will continue to work closely with our Board, leadership team, and employees to drive Dana's continuing success. As our recently reported third-quarter results attest, Dana is delivering improved financial performance and meeting the challenges of a dynamic global marketplace."

Dana is a global leader in the supply of driveline products such as axles and drive shafts, among other products.

General Dynamics Taps Into Auto Racing Safety

By Christine Snyder
Staff Reporter

When General Dynamics Land Systems (GDLS) engineers were investigating how to improve its safety restraint systems to save soldiers' lives, it turned to an industry that was well-versed in protecting the lives of others who face danger — race car drivers.

Eric Marshall, project lead engineer for the safety restraint improvement project, said the team called on Roush Industries of Allen Park and its auto racing management arm, Roush Fenway Racing, as well as NASCAR.

"They run into walls every weekend and walk away," said Marshall, who said that was testament that GDLS could learn a thing or two.

The problem GDLS was specifically focused on was preventing excessive head movement of the driver in a blasting incident.

"NASCAR was versed in that because if you hit the wall at 200 mph, their seat is designed to stop head movement," said Brian Smith, modeling and simulation engineer at GDLS.

NASCAR also had state-of-the-art vehicle netting and padding as well as user-worn head and neck restraint systems to stop head movement.

The team went to NASCAR's home, North Carolina, and began their education.

"Safety is something we take very seriously at NASCAR," said Mike Fisher, managing director of NASCAR research and development center, who said NASCAR shares its safety findings with other racing entities such as Formula One. "A lot of things

are competitive within motor sports, safety isn't one of those things."

Fisher said NASCAR embraced the opportunity to share its safety methodology and theory with GDLS.

"It was a real learning experience," said Marshall. "They were able to share with us what the crash scenario was like for them and how they approached the problem."

NASCAR had started its own investigation into safety improvements more than a decade ago.

"They had had drivers' deaths," said Allen Horne, a supply chain manager at GDLS. "They had four of them in 2000 and then Dale Earnhardt, Sr., in 2001 in Daytona. They started looking into driver safety and bettering the vehicle for safety. So the seating, the netting and the different head restraints started to evolve."

One of the biggest takeaways from their NASCAR tutorial was the racing industry's safety philosophy.

"They build the vehicle around the driver instead of the other way around," said Matthew Montville, who works in production, delivery and support for GDLS.

"We started looking at ours (differently)," said Horne. "We always think of driver safety as making it stronger, making it more durable, and they (NASCAR) immediately looked at protecting the driver."

They identified a supplier of safety restraint systems, Safety Solutions, of North Carolina, and started developing NASCAR-inspired restraint systems that could be integrated into warfighter equipment.

The team chose the compa-

ny because they devised safety systems for different applications besides NASCAR, such as off-road sports and marine racing.

Marshall said he was impressed at the supplier's quick turnaround.

After they met with Trevor Ashline, the president of Safety Solutions, Ashline bought body armor off eBay and within 11 days was shipping prototypes of safety restraint systems.

"One of the aspects of this, there is a need," said Marshall. "There is a war going on, and we weren't necessarily trying to develop something in the next five years and someday get it there. We wanted something we could get into production right now."

Marshall said in a short period of time the team has identified what systems it wants, collaborated with suppliers and is now planning on how to integrate it and adapt



Brian Smith, modeling and simulation engineer at General Dynamics Land Systems, demonstrates restraint systems coming from its collaboration with the automotive racing industry.

Jeep Grand Cherokee Outscores Toyota 4Runner

YONKERS, N.Y. — The redesigned Jeep Grand Cherokee midsize SUV earned a Very Good road test score and outscored its traditional rival, the Toyota 4Runner, which earned a Good score, in a faceoff between the two vehicles in *Consumer Reports'* December issue.

The Jeep's ride, quietness, and interior won points, though it was hampered by its emergency handling. By contrast, the 4Runner, redesigned for 2010, fell short on the road (though it showed terrific off-road prowess) and scored at the bottom of its class.

The Grand Cherokee is the

first new model that Chrysler has released post-bankruptcy, and it's based on the next-generation Mercedes-Benz ML.

"The Grand Cherokee is a big improvement over the previous model, with refinements on par with models that cost a lot more," said David Champion, senior director of *Consumer Reports'* Auto Test Center in East Haddam, Conn. "The 4Runner, which still uses a body-on-frame design, is disappointing on the road. The 4Runner doesn't let you forget you're driving a truck."

Prices for the vehicles were \$39,010 for the Grand Chero-

kee and \$37,425 for the 4Runner.

The Grand Cherokee is too new for *Consumer Reports'* to have reliability data and the 4Runner scored too low in CR's testing for CR to recommend it. CR only recommends vehicles that have performed well in its tests, have at least average predicted reliability based on CR's Annual Auto Survey of its more than seven million print and Web subscribers, and performed at least adequately if crash-tested or included in a government rollover test.

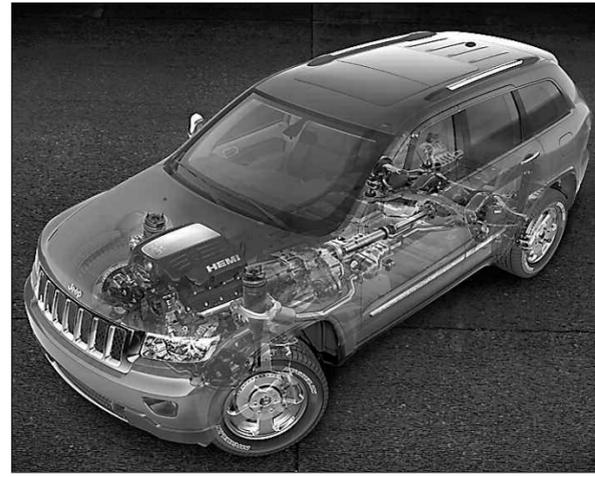
Full tests and ratings for both vehicles appear in the December issue of *Consumer*

Reports, which went on sale Nov. 2. The reports are also available to subscribers of www.ConsumerReports.org.

Updated daily, *ConsumerReports.org* is the go-to site for the latest auto reviews, product news, blogs on breaking news and car buying information.

According to *Consumer Reports'*:

"The Grand Cherokee rides well and is quiet and steady on the highway. The Jeep Grand Cherokee Laredo X 4WD (\$39,010 Manufacturer's Suggested Retail Price as tested), is powered by a 290-hp 3.6-liter V6 engine that is smooth and gets 18 mpg."



Jeep Grand Cherokee actually outperformed the Toyota 4Runner in road testing conducted by Consumer Reports, which has its own test track and dynamometers in Connecticut.