

A man in a dark suit, white shirt, and striped tie stands with his arms crossed in front of a red car. The background shows a car dealership with several other vehicles, including a red car and a silver car. The lighting is bright, suggesting an outdoor setting.

Pr

High gas prices' effect on light-truck sales and pressure from Chrysler to take more inventory hurt summer survey scores, says NADA franchise rep John McEleney.

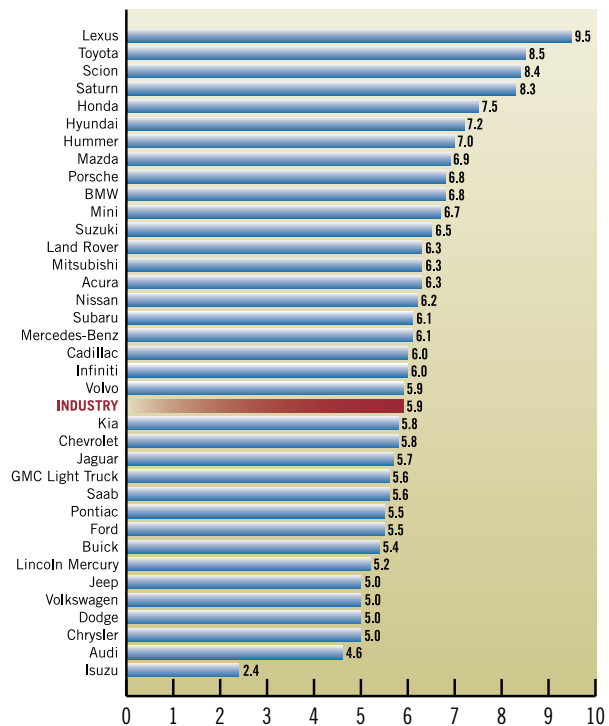
DRIVEN BY product

Asians stay strong on survey; results mixed for domestics, Europeans.

BY JILL SULAM

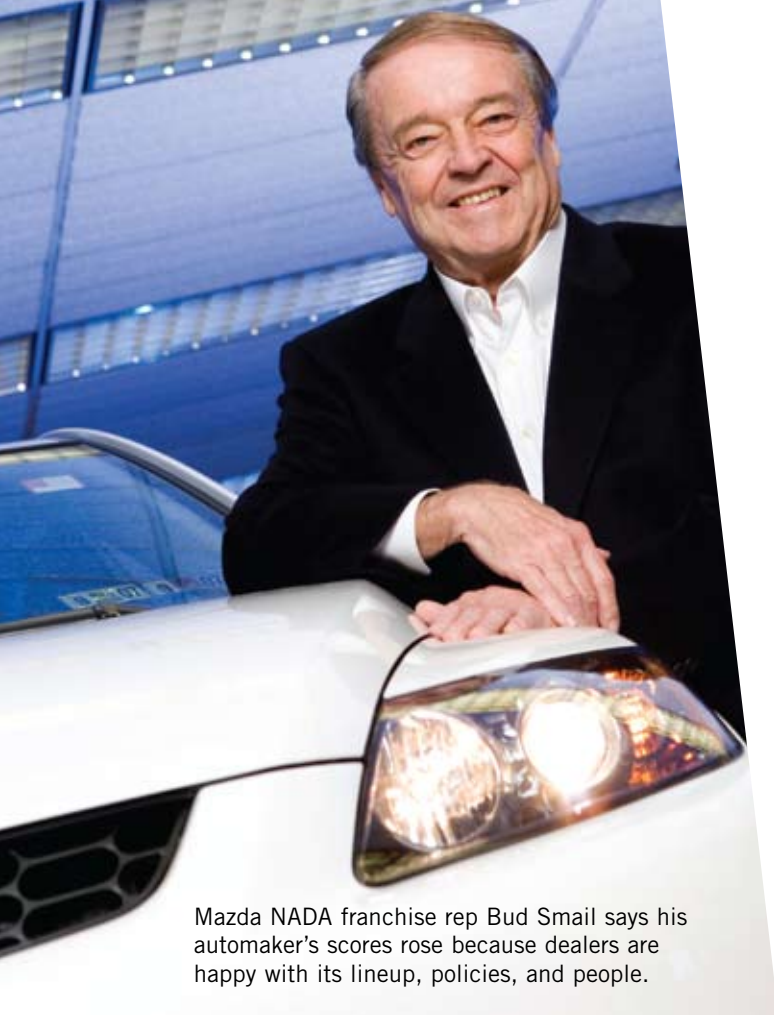
SCORES ON THE NADA DEALER ATTITUDE Survey, which is taken twice a year, can change based on the automaker's relationship with its dealers, the quality of management and field support the company offers its dealers, and customer interest in a franchise's vehicle lineup.

During the summer 2006 survey period, slow vehicle sales and high gas prices particularly weighed down domestic-brand dealers' perceptions of the value of their franchises and affected some other scores, too. Following is a franchise-by-franchise rundown:

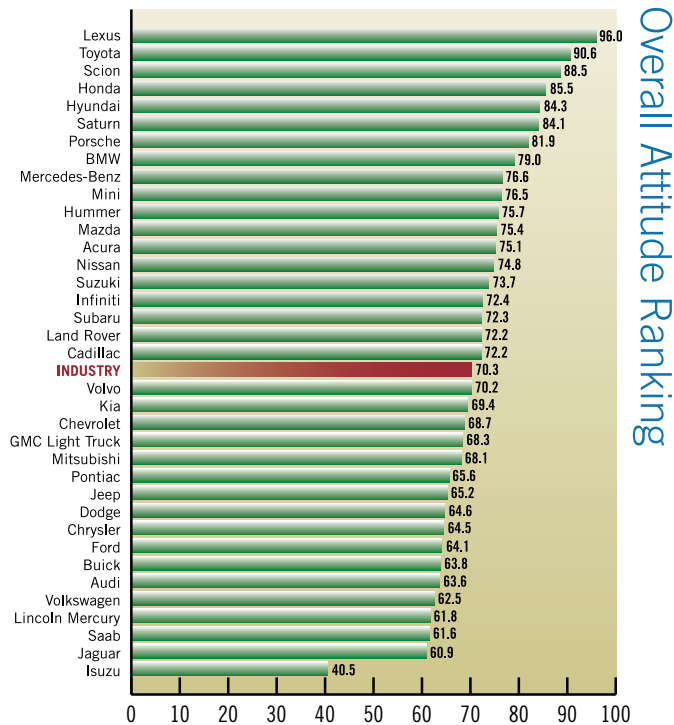


Dealer Input Ranking

Loren Sartow



Mazda NADA franchise rep Bud Smail says his automaker's scores rose because dealers are happy with its lineup, policies, and people.



FORD: FORGING FORWARD

Despite financial woes at Ford Motor Co., four of Ford Division's five scores rose. It lost points only on value, and now sits in 15th place on people. "Dealers have faith in the people they're interfacing with, and they also have faith in the upper-level management," says NADA franchise chair Annette Sykora, Smith Ford/Mercury, Slaton, Tex. After a series of executive shakeups in the last year, dealers now "have confidence that these are the right people."

Dealers will soon get the new Edge crossover and the all-new 2008 SuperDuty truck. More products, with better styling and fuel economy, would help scores, says Sykora. Some models, such as the new Fusion sedan, are doing well. At Sykora's store, the Escape small SUV and new Expedition EL SUV are moving, and pickups are on the way back.

Lincoln Mercury scored down on four indexes; its highest ranking was 20th, on people. "Dealers are anxious about the future of the product and dealership viability," Sykora says, though the Mercury Milan and Lincoln Zephyr sedans are selling.

DAIMLERCHRYSLER: GAS PRICES RISE, SCORES DROP

The Chrysler Group's three brands—Chrysler, Dodge, and Jeep—took hits on every index. The automaker, which relies heavily on pickup, SUV, and minivan sales, "was not very well positioned when the high gas prices came," says NADA franchise rep John McEleney, McEleney Motors, Clinton, Iowa.

Drake Sorey

GM: A MIXED BAG

Saturn's scores rocketed this time, landing the brand in the top five on policy, people, and consideration of dealer input. The division's strengths: new products, like the Sky roadster, and rising sales. And Saturn is "getting more attention from GM," says NADA franchise chair Martin NeSmith, NeSmith Chevrolet/Buick/Pontiac-GMC, Claxton, Ga. Chevy also improved on everything but value. Dealers believe they'll get models that will help the brand stabilize, even gain, market share. High gas prices slowed truck sales a bit, but helped the compact Aveo. The Impala sedan and Equinox crossover are selling, and SUVs are picking up again.

GMC, Buick, and Pontiac did not fare as well, falling on most indexes. The problem, says NeSmith, is weak sales. At Buick, the Lucerne and LaCrosse sedans haven't met expectations, and the Rendezvous SUV will soon be phased out. Also, the brand just doesn't draw younger buyers. Dealers hope that "channeling" the three brands together at single stores will lure a wide variety of shoppers and boost sales.

More good news for dealers: GM's new five-year/100,000-mile warranty and the end of top-box CSI scoring in 2007.

Many dealers are losing money and are still heavily overstocked with 2006 models. At survey time, some dealers had a 110- to 120-days' supply—and “were getting a lot of encouragement from the manufacturer to take additional product they probably didn't need.” The factory has since told dealers it will no longer tie incentives to their accepting unordered vehicles.

McEleney has high hopes for fresh models, especially those that help the manufacturer fight the imports. Dealers have just started getting the new Chrysler Sebring sedan, which is aimed at Toyota Camry, Honda Accord, and Nissan Altima. And the Dodge Caliber wagon, Dodge Nitro SUV, and Jeep Compass are selling well. Also a boon: the maker's incentives to offset floor-plan expense, which McEleney hopes will continue.

ASIANS: 'RIGHT COMBINATION' = SUCCESS

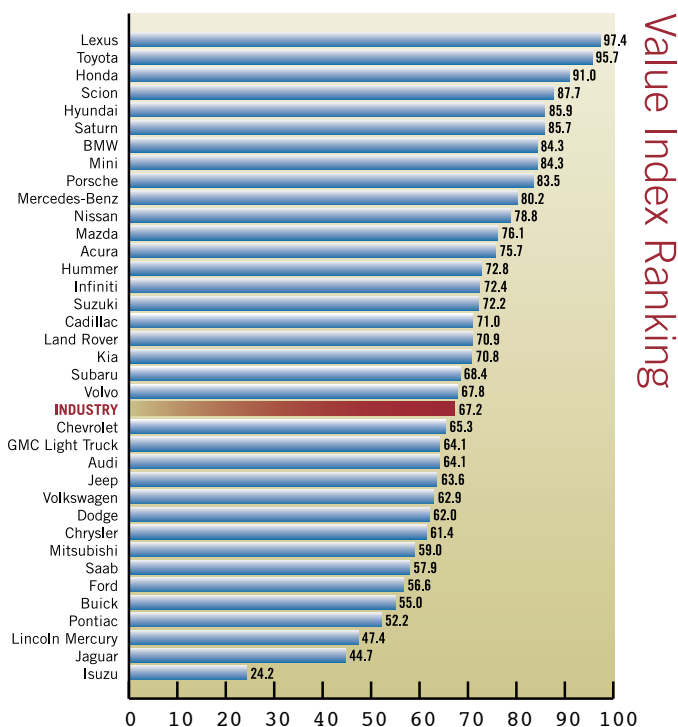
The regular top scorers—Toyota, Lexus, and Honda—continued to dominate all five indexes. (The worst finish among these was Honda's slide in rank to seventh from fifth on people, but even there, its actual score rose slightly.) Newcomer Scion starred again, ranking second on policy.

There were a few surprises, though. Nissan's typically high scores fell across the board. NADA franchise rep Peter Barry, Barry Automotive Group, Newport, R.I., says the survey was poorly timed for the maker, which had just announced a vast recall of Altima engines. Plus, at survey time, Nissan hadn't brought any new products to market in a year and a half, so profits were lower than 18 months ago. But in recent months, Nissan has flooded showrooms with redesigned and all-new models. Barry often sells out of the compact Versa and is excited about the “stunning” new Sentra sedan. Other recent arrivals: the redone Maxima sedan and Quest minivan. A new Altima sedan is due soon.

Mazda scored up everywhere on the summer survey. “Mazda seems to have the right combination of product, policies, and people,” says NADA franchise rep Bud Smail, Smail Automotive, Greensburg, Pa. The Mazda3 is a quick seller, and Smail also likes the CX-7 crossover, which soon gets a larger, seven-seat sibling, the CX-9. Dealers also find the maker's national and regional reps to be helpful. Still, Smail wishes for a longer warranty to face off against GM, Ford, and Korean makers (Mazda offers a three-year/36,000-mile warranty).

EUROPEANS: UPWARD (AND DOWNWARD) MOBILITY

Regular strong scorer BMW again scored up everywhere and had a top-10 finish on all but people, where it ranked 13th. Mercedes also continued its comeback, ranking in the top



half on every index. Porsche went further, cracking the top 10 on every index and shooting up 23 slots on policy and 22 on people.

Volkswagen's gains were more subtle. VW has, in recent years, lingered near the bottom of every chart; this time, all scores rose, and it jumped seven positions on value. Dealer council chairman Bob Grace, Southpoint Volkswagen, Baton Rouge, La., credits strong sales of the Jetta, Rabbit, and Eos convertible, plus good ads, “especially for the Rabbit, GTI, and Jetta.” And he says that dealers' partnership with VW Credit has improved, as has factory communication. But dealers can't always get the cars they need, Grace adds, and they'd like “more incentives...and more targeted marketing.”

Volvo scored up a bit on people, ranking 10th, but slipped everywhere else. Dealers think “the product line is a little long in the tooth,” hurting profitability, says NADA franchise rep Ray Ciccolo, Boston Volvo Village. Boosting dealer profitability also would help sales, he says, and allow “us to be more competitive with trade-ins.” Still, inventories are lower, and dealers appreciate the certified used-car program. Plus, they're looking forward to the all-new Volvo S30 hatchback, aimed at younger buyers, and the “bread and butter” S80 and XC90, both redone for MY 2007. [AE]

Jill Sulam is associate editor of AutoExec. Contributing writer Sarah E. Moran provided research assistance.