

REYNOLDS  
SUBARU

Automaker programs,  
difficult sales climate.

BY JILL SULAM

# Rough

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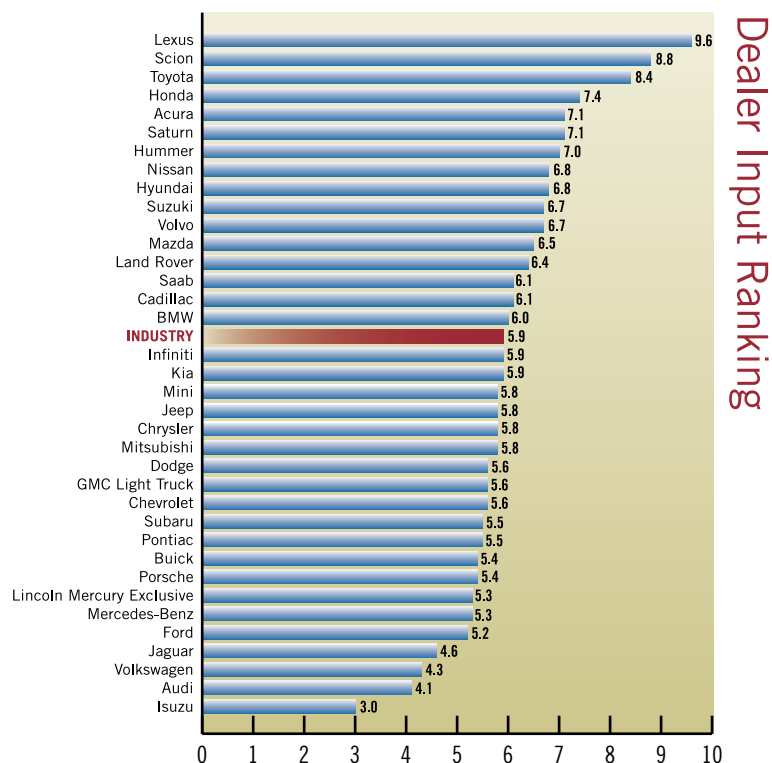
# DEALER ATTITUDE SURVEY

**F**AR MORE automakers saw their scores slip than rise on NADA's winter dealer attitude survey. Many dealers, especially domestic-brand, admit business has been tough, thanks to profit-eating incentives, poor manufacturer communication, and bland or fuel-slurping products. And import dealers are not immune. "We're not selling much of anything right now," says NADA Subaru franchise rep Gary Reynolds, Reynolds' Garage & Marine, Inc., Lyme, Conn., who blames rising interest rates. ➤



# Road?

Weak advertising and soft sales brought down Subaru's survey scores, says NADA franchise rep Gary Reynolds.



Christopher Weil

But there's hope, even at the most troubled franchises. Here is a rundown.

**GM: THE GHOST OF PRICING PAST**

GM's employee-pricing promo has been dead for almost a year, but it was still fresh on the minds of some dealers at survey time, says NADA franchise chair Martin NeSmith, NeSmith Chevrolet/Buick/Pontiac-GMC, Claxton, Ga. Also, the survey came during "two very bad months" for the maker, January and February. Plus, dealers used to get survey reminder letters from district and area managers. "That didn't happen this time. GM was busy fighting negative publicity about all the [financial] losses," which also pulled down scores, NeSmith says.

Still, Hummer and Saturn stayed above industry and domestic averages on every index, and both remained

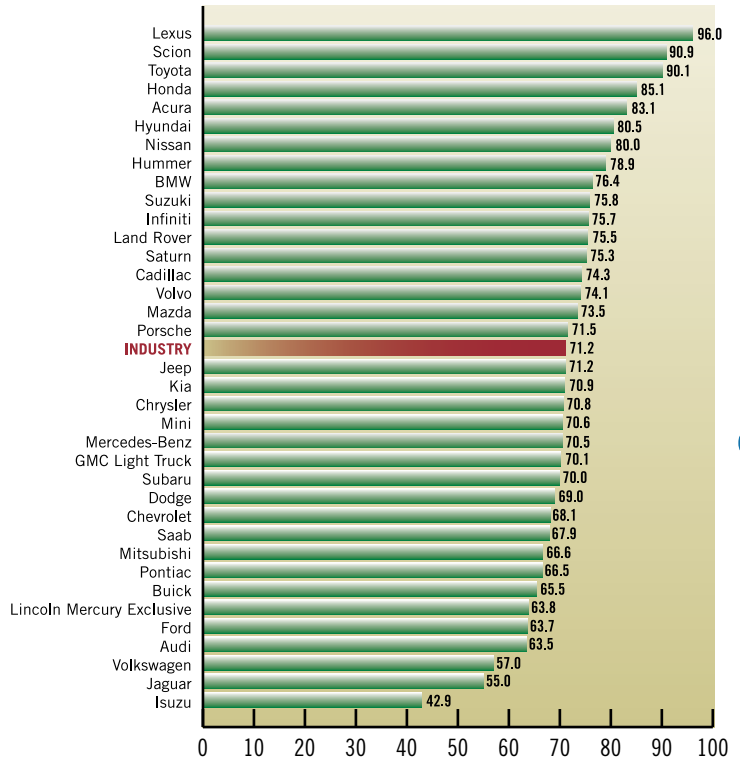


Employee pricing hurt GM's scores, says NADA GM franchise chair Martin NeSmith, but Hummer, Saturn, and Cadillac still beat averages.

in the top 10 on policy and consideration of dealer input. Cadillac beat those averages on four indexes, slipping slightly below the industry average on people. NeSmith says dealers have reason to be excited: Hummer's H3 is "hot," Saturn has new models, and Cadillac is armed with a "great product line."

The restyled Chevy Tahoe, the Chevy Suburban, and GMC sport-utes, as well as pickups, are moving fast. So are the Pontiac G6 and Solstice. But other cars, such as Buick's lineup, aren't. "The public perception of their quality hasn't caught up with their actual quality," says NeSmith.

How to boost *dealer* perception? "GM should continue on the course it



set for itself: lower transaction prices, better communication, and a more value-driven approach."

**FORD: FINDING ITS WAY FORWARD**

The Ford brand sunk to 30th on value and 32nd on policy, overall attitude, and dealer input. It beat the domestic average on people, yet slid to 17th from 13th. At survey time, the automaker "was in need of clear leadership and clear direction," says NADA franchise chair Annette Sykora, Smith Ford/Mercury, Slaton, Tex. Shortly thereafter, Mark Fields replaced Greg Smith as executive vice president, Ford Motor Co., and president of the Americas division. Cisco Codina succeeded Steve Lyons as group vice president, North America marketing, sales, and service. "Results would have been much better" had the survey been done after the shakeup, says Sykora. Sales have been mixed, with the F-150 still number one, and the Fusion sedan and new Explorer Sport Trac pickup catching on, but large SUVs Explorer and Expedition and the Five Hundred sedan are slow.

Lincoln Mercury lingered near the bottom on every index but people, where it rose from 25th to 18th. "Lincoln Mercury dealers have received more direct communication and more attention, in general, than in the past," Sykora says. "Still, dealers are very concerned about their business," which

may be one reason the response rate for the brand shot up 25 percent this time.

### DAIMLERCHRYSLER: INVENTORY BLUES

All scores for the Chrysler Group brands—Chrysler, Dodge, and Jeep—fell this time. Most decreases were small. Declining “business conditions” are partly to blame, says NADA franchise rep John McEleney, McEleney Motors, Inc., Clinton, Iowa. “Also, we’re all concerned about the automaker producing cars they don’t have the customers for. We’re under more pressure to take cars we can’t yet sell.” Dealers also aren’t happy about the Chrysler Group’s emphasis on SUVs and trucks in the face of high gas prices. Sales of the Dodge Durango, in particular, are hurting, says McEleney.

Still, the three brands did beat the domestic averages on value, overall attitude, and dealer input, and Chrysler and Jeep are above the *industry* average on value. The Chrysler Group “has managed to maintain market share, so that gives us confidence,” McEleney says. A few cars—the Dodge Caliber and Magnum, and the Chrysler 300C—are zooming along.

Unfortunately, dealers dislike the automaker’s latest incentive program, which could drag down summer survey scores, McEleney adds.

### ASIANS: BIG SALES = BIG SCORES

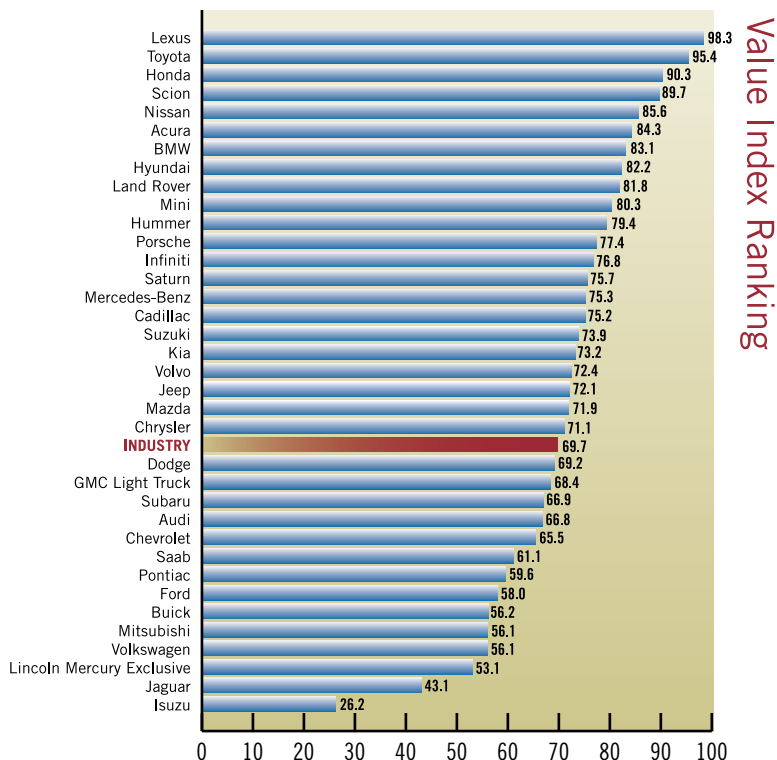
A new maker, Scion, was surveyed this time. It took after its high-ranking relatives Toyota and Lexus, placing second on every index but value, where it was fourth.

Most of the Asians’ scores and rankings were again relatively stable. One exception: Suzuki, which jumped eight positions on value and people and seven on overall attitude, and is now 10th in policy, overall attitude, and dealer input. “In general, when business is better, [scores] are better,” says NADA franchise rep David Westcott, Westcott Suzuki, Burlington, N.C. Smaller cars, such as the Aero, are selling well, as is the midsize SUV Grand Vitara.

All of Honda’s scores rose, landing it in the top five on every index. It has desirable product, says NADA franchise rep Geoff Pohanka, Pohanka Automotive Group, Marlow Heights, Md. Another plus: Honda’s “cooperative” relationship with dealers. Still, some models—the Ridgeline truck, Accord Hybrid, and Element crossover—haven’t made much of a splash.

### EUROPEANS: CALL IT A COMEBACK—FOR SOME

BMW’s policy, overall attitude, and dealer input rankings



plummeted on the previous survey, but the maker regained dealer faith this time. All scores rose, and it cracked the top 10 on value and overall attitude. Mutual respect has improved, says NADA franchise rep Tom Ganley, Ganley BMW, Cleveland, but BMW “still needs to listen more and leave advertising and marketing to us—the entrepreneurs and the experts.”

Though Volkswagen’s highest rank was 33rd, on value, it scored up on every index. A 67 percent leap in the response rate helped. Dealers had received letters, signed by the regional manager and dealer council rep, urging participation, says dealer council chair Bob Grace, Southpoint Volkswagen, Baton Rouge, La. Grace credits better communication, too, but says the factory must solve problems more quickly.

Mercedes, usually a solid NADA survey performer among Europeans, saw all of its scores and rankings drop this time. Dealer council chair Douglas Callahan, Helms Bros., Inc., Bayside, N.Y., says miscommunication about a new method of tracking warranty costs may have been the reason. Even so, Mercedes dealers are pleased with sales of the S-Class and G-Class and ML SUVs. Regional sales managers urge survey participation, and about 73 percent of Mercedes dealers respond. “The good thing is, Mercedes never tries to sway us one way or the other on our answers,” Callahan says. **AE**

*Jill Sulam is associate editor of AutoExec. Freelancer Sarah E. Moran provided research assistance.*