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More Vehicles Scrapped Than Added

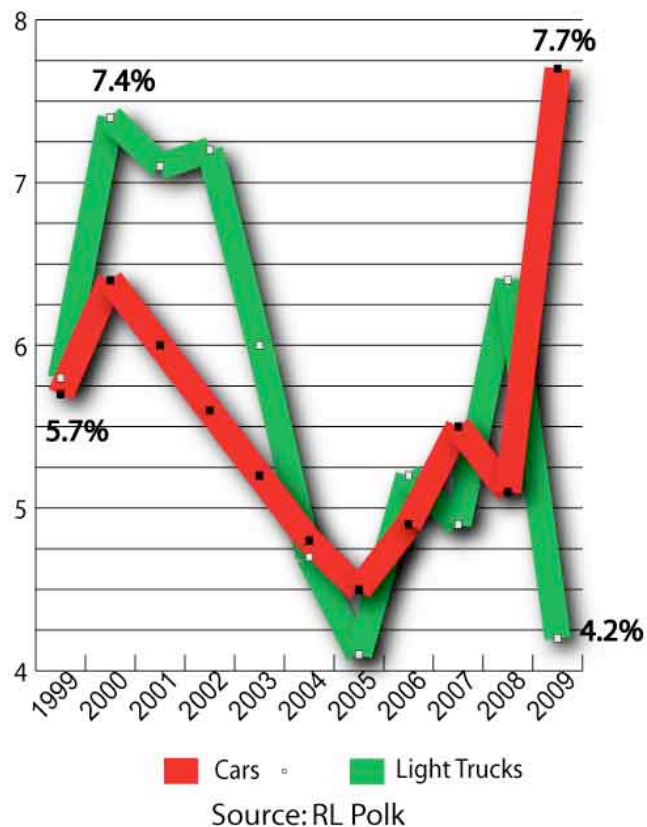
The number of cars and light trucks scrapped in the past 15 months substantially outnumbers new vehicle registrations in the U.S. during the same period, according to recent analysis by R. L. Polk & Co.

More than 14.8 million cars and light trucks were retired from the fleet between July 1, 2008 and September 30, 2009, compared to new registrations of slightly more than 13.6 million, resulting in an overall scrap rate of 6.1 percent (Table 1). This includes thousands of units scrapped during last year's CARS program, known as 'Cash for Clunkers,' and follows a trend seen by Polk over the past five years.

Polk also reports an increase in the average age of light vehicles on the road, up 21 percent in the past 14 years. The average age for all light vehicles during the 15-month period is 10.2 years (Table 2). Additionally, increases in the average age are supported by the fact that consumers are keeping their cars and trucks longer. As of September 2009, the average length of ownership for a new or used vehicle among U.S. consumers was 49.9 months, up from 45 months a year ago the same time.

These trends are supported by a number of factors, including the economy, limited financing and leasing

**US Vehicle
Scrappage Rate Trend**



options available in the market, extended warranties offered by OEMs, and improved vehicle durability and quality of vehicles. They also provide opportunity for various business segments of the industry, according to Polk.

"As vehicles age and consumers continue to hold onto them longer, there are significant opportunities for repair services and parts demand for the aftermarket as vehicles are falling out of warranty as they age," said Mark Seng, vice president, sales and client services, aftermarket and commercial vehicle, at Polk. "The increased complexity of vehicle repairs also presents a business opportunity for service professionals as traditional do-it-yourself consumers are less likely to attempt complicated technical work on their vehicles."

Dealers will have an opportunity to develop programs geared toward service loyalty marketing as they seek to hold onto a growing base of customers, according to Polk. "The trends we're seeing suggest great motivation for dealers seeking to maintain a longer-term relationship with their customers," said Lonnie Miller, vice president, marketing and industry analysis, at Polk. "Service-oriented loyalty programs can significantly contribute to improving business and overall loyalty among customers," he continued.

Polk expects conditions facing the U.S. automotive industry today to remain through 2010 and expects trends for scrappage and vehicle ownership to continue for at least another year. This assessment is largely based on current industry dynamics, coupled with Polk's annual forecast of a moderate increase in light vehicle sales to 11.5 million units this year. It also assumes a general upward trend for vehicle scrappage rates as high volumes of older vehicles continue to retire from the U.S. fleet.

Polk has provided authoritative information and analysis from its review of dynamics among the U.S. vehicle population for more than 60 years.

Editor's Notes: Polk's analysis reviewed a 15-month period (7/1/08 - 9/30/09) of U.S. market activity to account for coverage of when the last update was published and to capture activity during Q3 of 2009, which included the "Cash for Clunkers" program. Changes in this year's analysis from "median" to "average" vehicle age were made in order to better reflect sensitive changes in the composition of the U.S. vehicle market.

TABLE 1
U.S. Scrapage Rates

As of	All			All Vehicles	Light Vehicles
	Cars	Trucks*	Light Trucks**		
7/1/1999	5.7%	5.6%	5.8%	5.7%	5.8%
7/1/2000	6.4%	7.5%	7.4%	6.8%	6.7%
7/1/2001	6.0%	7.6%	7.1%	6.6%	6.4%
7/1/2002	5.6%	7.0%	7.2%	6.1%	6.2%
7/1/2003	5.2%	5.9%	6.0%	5.5%	5.5%
7/1/2004	4.8%	5.1%	4.7%	4.9%	4.8%
7/1/2005	4.5%	4.1%	4.1%	4.3%	4.3%
7/1/2006	4.9%	5.2%	5.2%	5.0%	5.0%
7/1/2007	5.5%	4.8%	4.9%	5.2%	5.2%
7/1/2008	5.1%	6.3%	6.4%	5.6%	5.7%
10/1/2009	7.7%	4.3%	4.2%	6.1%	6.1%

TABLE 2
U.S. Average Vehicle Age (1995 - 2009)

As of	Passenger Cars	Light Trucks	All Light Vehicles
7/1/1995	8.4	8.3	8.4
7/1/1996	8.5	8.3	8.5
7/1/1997	8.7	8.5	8.6
7/1/1998	8.9	8.5	8.8
7/1/1999	9.1	8.5	8.8
7/1/2000	9.1	8.4	8.9
7/1/2001	9.3	8.4	8.9
7/1/2002	9.4	8.4	9.0
7/1/2003	9.6	8.5	9.1
7/1/2004	9.8	8.6	9.4
7/1/2005	10.1	8.7	9.5
7/1/2006	10.3	8.9	9.7
7/1/2007	10.4	9.0	9.8
7/1/2008	10.6	9.3	10.0
10/1/2009	10.6	9.6	10.2

Source: R. L. Polk & Co.

One More Compact Crossover/Hatchback

On March 30, Nissan North America, Inc. (NNA) unveiled the all-new Nissan JUKE sports cross at a special media preview near Rockefeller Center. The dramatically styled JUKE joins Nissan's Murano and Rogue crossovers in the fall of 2010.

The JUKE design draws on a number of active lifestyle influences including motorcycles and rally cars.

"JUKE is about to carve out a unique space in the rapidly growing compact crossover/hatchback segment with its combination of striking design, agile handling and



driving pleasure and user friendly technology," said Brian Carolin, senior vice president, Sales and Marketing, NNA. "Add in the convenience, versatility and high seating positioning of a traditional compact SUV - and pricing that is expected to start at just under \$20,000 - and you've got a vehicle unlike any other in its class."

The JUKE interior offers bolstered front seats and a center console inspired by a motorcycle fuel tank and finished in a two-coat high-gloss paint. The gearshift sits on top of the console, with a short shifter lever for sporty driving. In the rear, a fold-down 60/40-split bench seat and flat load floor provide passenger and cargo hauling flexibility.

Available features range from leather-appointed seats and RearView Monitor to Nissan Intelligent Key(TM) with Push Button Ignition, navigation system with real-time traffic information and power sliding moonroof. A long list of standard safety features is also available, including six air bags, Anti-Lock Braking System (ABS) and Vehicle Dynamic Control (VDC).

Powering JUKE is a standard 1.6-liter Direct Injection Gasoline (DIG(TM)) Turbo, 16-valve DOHC aluminum-alloy inline 4-cylinder engine rated at 180+ horsepower and 170+ lb-ft of torque. The engine, the first application in North America, combines energetic performance and good fuel economy. Two transmissions are offered - Nissan's advanced Xtronic CVT(TM) (Continuously Variable Transmission) with S-Mode and a 6-speed manual transmission (SV FWD and SL FWD models only).

JUKE's torque vectoring AWD system splits torque up to 50:50 between the front and rear wheels and can also split torque from side-to-side across the rear axle. When cornering, the system helps reduce understeer and enhance the vehicle's cornering feel.

Another new-to-Nissan technology debuting on JUKE is the innovative Integrated Control (I-CON) system. The I-CON system functions in one setting as a controller for the automatic climate control system, and in the other offers a drive mode selector with three different throttle/transmission (CVT)/steering response settings - Normal for everyday driving, Sport for a more intense performance feel and Eco for maximum efficiency.

I-CON also serves as a central command center and display module, adopting different display colors and functions depending on how it is being used. In Climate mode, the display shows the interior temperature settings while the "buttons" display air flow preferences. In the "D-Mode," the buttons change to the three driving modes and the display shows engine and drive related dials and information.

"JUKE provides an exceptional level of available technology for its segment and a special character all its own," said Carolin. "We're expecting an enthusiastic response from people attending the New York Auto Show and look forward to JUKE going on sale this fall."

Source: Nissan North America, Inc.

Anti-Counterfeiting Strategies & Enforcement

On behalf of its motor vehicle parts manufacturer members, the Motor & Equipment Manufacturers Association (MEMA), with input from its Brand Protection Council, submitted comments on March 24 recommending that more resources be devoted toward the enforcement of anti-counterfeiting regulation and intellectual property rights violations to Victoria A. Espinel, the first-ever U.S. Intellectual Property Enforcement Coordinator, Office of Management and Budget.

"MEMA supported and applauded the passage of the Prioritizing Resources and Organization for Intellectual Property (PRO-IP) Act in 2008. While it strengthens the nation's trademark and copyright laws and increases domestic enforcement efforts to protect intellectual property rights (IPR), it does not directly address international issues relating to counterfeit goods, including trans-shipment, border, and port issues. International issues remain a critical component to motor vehicle supplier efforts to combat counterfeit goods," the MEMA statement noted. The Act created the position of U.S. Intellectual Property Enforcement Coordinator (IPEC) within the Office of Management and Budget.

Specifically, MEMA calls on Espinel and the Obama administration to:

- support the Customs Facilitation and Trade Enforcement Reauthorization Act of 2009 (S. 1631), which will strengthen IPR enforcement by amplifying targeting efforts of the Customs and Border Protection (CBP) to detect goods that violate IPR and will require CBP to dedicate port personnel with a primary responsibility of enforcing IPR;
- provide appropriate agencies with access to more resources – human, financial, technical – to ensure enforcement of existing laws; and
- establish the IPEC as the centralized authority to coordinate activities, information sharing, and resource and enforcement collaboration.

“The magnitude of the overall global counterfeit problem is significant. According to private sector estimates, annually motor vehicle suppliers lose an estimated \$12 billion worldwide and \$3 billion domestically in sales to product counterfeiting,” the statement added. “MEMA appreciates the opportunity to present comments regarding the IPEC’s Joint Strategic Plan and IP enforcement efforts. Intellectual property is critical to the success of motor vehicle parts manufacturers, who continually innovate and develop new technologies.”

Source: MEMA

Help Your Customers Build Their Dreams By Kevin Willey

We, in the Car Culture, live to drive and customize our automobiles, we dream about our vehicle, about making that vehicle our expression of our view of the automobile. Why else would the automotive aftermarket be as big as it is, if not for the dreams of those in the Car Culture?

Selling a part to someone at the counter is just too cold; there is no satisfaction or sense of accomplishment in taking someone’s money, and handing over a part. You may as well be selling insurance or groceries, both requirements, no excitement for the customer. Fulfilling the customer’s dream is therefore more than just parts! The customer gets almost as much out of talking about their plans and aspirations as actually



building their dream vehicle. Why not capitalize on this and change just another source of a spot sale, source of income, into a loyal patron of your establishment?

People become very loyal once engaged, they will come to think of you and your staff as friends, and everyone will first turn to a friend when help is needed.

How do you get your customers to consider you and your staff as friends?

Simply make their experience friendly, and memorable. This is not as difficult as you may think; small changes are really all it takes. These days with all the 'virtual vendors' all over the internet a 'bricks and mortar' establishment is lucky someone ventures into their store, do not waste the opportunity.

The simplest is greeting the customer as they come into your store. Wal-Mart recognized this years ago as a good thing to help make the customers comfortable. Not that it is necessary to go to the lengths Wal-Mart has, unless you know a retired gear-head who might want to take on the job. Simply say hello to someone as they enter your establishment, this lets the customer know someone knows they exist. People naturally feel a bit uncomfortable in a new environment, and will be reluctant to talk, for whatever reason, however by getting the customer talking you help them get to a higher comfort level. Engage your customers, get them talking, and never ask a question that can be answered by; a Yes or a No.

Once people get talking, the next thing is to actually listen to what they are saying. Show interest in what they are doing and trying to create. Repeat back to them the pertinent points, this shows you are actually paying attention to what they are saying and also serves to eliminate potential misunderstandings. It is important to note that when they ask a question about a product or procedure, that you do not know the answer you admit it, and keep the customer engaged by saying something like; 'let's find out'...

Only once the customer is engaged and your staff has established their needs can they then offer options.

Now is when you start to show the customer your product knowledge. Every product option should be presented and described from the view of three points; Feature, Advantage, Benefit. Every single time! Be it a sparkplug or a complete rolling chassis; always present the options in this manner.

By using this method you are able to, not only offer options without appearing to be up-selling, you will also assist the customer to make an informed decision that they will feel good about.

Don't forget to ask for the sale. Ask your customer which option you have described they feel most comfortable with. Should they want some time to digest all this new knowledge, offer to clarify any points they may be hesitant on, or answer any further questions they may have. This is also the time to point out any price match policies your company may have, as well as the advantages of buying locally.

This is as far as you go, beyond this your customer will feel pressured, and that is the last thing you want them to feel.

You have become involved in your customers decision process, and in their project and dream. Essentially you have become part of their community, and if executed correctly they are more than likely to return for the next part of their project they require.

Selling is more than taking money in return for something tangible, it is about relationship creation, and joining the customer's community.

Its Official: EPA and DOT Rule Released

On April 1, 2010, the following press release was issued by the US Department of Transportation. Responding to one of the first major directives of the Obama Administration, the U.S. Department of Transportation (DOT) and the U.S. Environmental Protection Agency (EPA) today jointly established historic new federal rules that set the first-ever national greenhouse gas emissions standards and will significantly increase the fuel economy of all new passenger cars and light trucks sold in the United States. The rules could potentially save the average buyer of a 2016 model year car \$3,000 over the life of the vehicle and, nationally, will conserve about 1.8 billion barrels of oil and reduce nearly a billion tons of greenhouse gas emissions over the lives of the vehicles covered.

This action is one important step in fulfilling the Obama Administration's commitment to moving towards a clean energy, climate friendly economy.

"These historic new standards set ambitious, but achievable, fuel economy requirements for the automotive industry that will also encourage new and emerging technologies," said Transportation Secretary Ray LaHood. "We will be helping American motorists save money at the pump, while putting less pollution in the air."

"This is a significant step towards cleaner air and energy efficiency, and an important example of how our economic and environmental priorities go hand-in-hand," said EPA Administrator Lisa P. Jackson. "By working together with industry and capitalizing on our capacity for innovation, we've developed a clean cars program that is a win for automakers and drivers, a win for innovators and entrepreneurs, and a win for our planet."

DOT and EPA received more than 130,000 public comments on the September 2009 proposed rules, with overwhelming support for the strong national policy. Manufacturers will be able to build a single, light-duty national fleet that satisfies all federal requirements as well as the standards of California and other states. The collaboration of federal agencies also allows for clearer rules for all automakers, instead of three standards (DOT, EPA, and a state standard).

Today's final rules, issued by DOT's National Highway Traffic Safety Administration (NHTSA) and EPA, establish increasingly stringent fuel economy standards under NHTSA's Corporate Average Fuel Economy program and greenhouse gas emission standards under the Clean Air Act for 2012 through 2016 model-year vehicles. Starting with 2012 model year vehicles, the rules together require automakers to improve fleet-wide fuel economy and reduce fleet-wide greenhouse gas emissions by approximately five percent every year. NHTSA has established fuel economy standards that strengthen each year reaching an estimated 34.1 mpg for the combined industry-wide fleet for model year 2016.

Because credits for air-conditioning improvements can be used to meet the EPA standards, but not the NHTSA standards, the EPA standards require that by the 2016 model-year, manufacturers must achieve a combined average vehicle emission level of 250 grams of carbon dioxide per mile. The EPA standard would be equivalent to 35.5 miles per gallon if all reductions came from fuel economy improvements.

Specifically, the new National Program:

Reduces carbon dioxide emissions by about 960 million metric tons over the lifetime of the vehicles regulated, equivalent to taking 50 million cars and light trucks off the road in 2030.

Conserves about 1.8 billion barrels of oil over the lifetime of the vehicles regulated.
Enables the average car buyer of a 2016 model year vehicle to enjoy a net savings of \$3,000 over the lifetime of the vehicle, as upfront technology costs are offset by lower fuel costs

"We are delivering on our mission and President Obama's call for a strong and coordinated national policy for fuel economy and greenhouse gas emission standards for motor vehicles, and we will do so in a way that does not compromise safety," said NHTSA Administrator David Strickland.

"These are the first national standards ever to address climate change," said EPA Assistant Administrator for Air and Radiation Gina McCarthy. "Over the coming years, America will witness an amazing leap forward in vehicle technologies, delivering fuel efficiency that will save us money and protect the environment."
The joint final regulation achieves the goal set by President Obama to develop a National Program to establish federal standards that meet the needs of the states and the nation as a whole to conserve energy and reduce greenhouse gas emissions. President Obama first announced the effort last May with a broad coalition of automakers, the United Auto Workers, States, and the environmental community.

NHTSA and EPA expect automobile manufacturers will meet these standards by more widespread adoption of conventional technologies that are already in commercial use, such as more efficient engines, transmissions, tires, aerodynamics, and materials, as well as improvements in air conditioning systems. Although the standards can be met with conventional technologies, EPA and NHTSA also expect that some manufacturers may

choose to pursue more advanced fuel-saving technologies like hybrid vehicles clean diesel engines, plug-in hybrid electric vehicles, and electric vehicles.

In conjunction with the United States, Canada is also announcing Light Duty Vehicle GHG-Emissions regulations today. U.S. EPA and NHTSA have worked closely with Environment Canada to ensure a common North American approach. Climate change is the single greatest long-term global environmental challenge. Cars, SUVs, minivans, and pickup trucks are responsible for almost 60 percent of all U.S. transportation-related greenhouse gas emissions.

For the text of the rule and additional information go to the following website:

http://www.nhtsa.gov/staticfiles/DOT/NHTSA/Rulemaking/Rules/Associated%20Files/CAFE-GHG_MY_2012-2016_Final_Rule.pdf

If you are going to go there, you should be aware that the document is 1,469 pages long.

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<http://www.treehugger.com/files/2010/03/8-electric-concept-cars-shaking-up-auto-industry-now.php>

Ferrari will offer hybrid versions of every model by 2013, says the supercar maker

<http://greenopolis.com/goblog/jerryjamesstone/ferrari-will-offer-hybrid-versions-every-model-2013-says-supercar-maker>

First-Ever Backflip by a Monster Truck in Jacksonville, FL

<http://www.nitrobahn.com/news/first-backflip-monster-truck/>

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<http://www.leftlanenews.com/cadillac-cts-v-wagon.html>

U.S. Annual Energy Outlook predicts "alternative vehicles" won't top 50% market share in 2035

<http://green.autoblog.com/2010/03/06/u-s-annual-energy-outlook-predicts-alternative-vehicles-wont/>

Check The Manual (Transmission): Stick Shift Cars Going Away

<http://autos.aol.com/article/stick-shift-love-affair?icid=main|main|dl4|link6|http%3A%2F%2Fautos.aol.com%2Farticle%2Fstick-shift-love-affair?ncid=AOLCOMMAutogenlfpge0006>

Sources Say: GMC Sierra Denali HD Dually Planned

<http://news.pickuptrucks.com/2010/03/sources-gmc-sierra-denali-heavy-duty-dually-planned.html>