



DEALER INVENTORY DWINDLING? FACTORY ORDER.

A variety of recent factors is resulting in something remarkable - dwindling inventory of new cars. Due to the manufacturer bankruptcies, plant shutdowns, cash for clunkers... dealership stock is extremely depleted. Making it harder and harder to get that "exact" car you're looking for. What is being found is often in unpopular colors or has excessive options, if not both.

Common belief is that this economic situation would prompt dealers to slash prices, in actuality, dealers are actually raising prices – over MSRP – to cope with the short supply. With Toyota, all retail incentives were dropped because the manufacturing cannot catch up with the shortage of available inventory in a timely enough fashion. Another factor increasing pricing is expanding the search radius to locate the right vehicle, resulting in sometimes hefty transportation costs.

Ways Dealers are Responding

Some dealers are going to the extent to allow vehicles to be "set aside" before they're even hitting their lots. By viewing their upcoming supply from the manufacturer they're able to make a sale in advance. The downside for the consumer is that they're paying more than they would via factory order and still having to wait the car to come in.

Future Negative Effects on Pricing?

There is a concern among dealers that not 100% of the money they allowed for the incentive program will be recuperated. Many are not only concerned about the actual dollars being credited back to them, but also about all the cost associated with lag time to receive the refund and the manpower involved to process the requests.

Light at the End of the Tunnel

Factory ordering times are improving. Currently wait time on a factory ordered Chevy Sedan will only run about 6 weeks. Costs of a factory order is less from inception, and costs are further reduced by ensuring the vehicle is properly equipped. As far as transportation costs, a factory order can be processed through a dealership nearest the delivering location.

The End Result

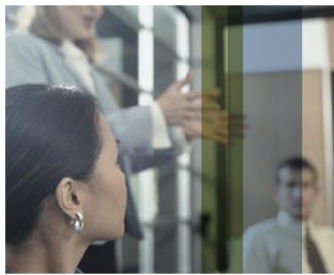
What has been a long time financial planning tactic of larger fleets, factory ordering, is becoming the only logical option for smaller fleets who typically only acquired vehicles out of inventory. Having now been put in situations where the only logical option was to factory order, many are realizing that, although there is a wait time, the cost and inconvenience factors are significantly lower. Fleet planning is being reevaluated and factory ordering is being placed at a higher level of consideration.

Should this trend continue, it can have a positive impact on the fleet customer, the manufacturer, and the dealerships.

October 2009

NEWS AT A GLANCE

- DEALER INVENTORY DWINDLING?
- GM SHUTTING DOWN SATURN
- 2011 ALL NEW CHEVY CAPRICE POLICE CAR
- DRIVING AND TEXTING
- PERSONAL USE OF COMPANY CARS
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GM SHUTTING DOWN SATURN

GM announced on September 30th that they will discontinue the Saturn brand, after a deal to sell Saturn to the Penske Automotive Group collapsed. In June, Penske agreed to purchase the Saturn brand with the exception of it's manufacturing operations, but was never able to find another manufacturer willing to produce the vehicles using the Saturn brand. The decision to close the book on Saturn could result in up to 13,000 jobs lost across the dealers that sell the brand.

Saturn History

Conceived in the early 80s, and officially established in 1985, the Saturn brand was to be an innovation in the US car market. Established as a response to the increasing popularity of Japanese manufacturers, it boasted no-haggle pricing, an independent manufacturing facility, it's own separate dealer network, and unique models to distinguish it within the GM family. Even the competition for the Saturn assembly plant created a buzz, and in the end Saturn found it's home in Spring Hill, Tennessee.

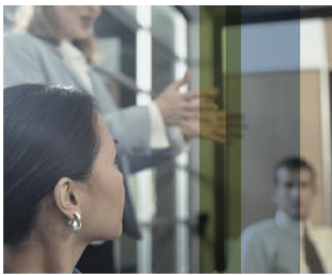
- 7/1990 First Saturn driven off the assembly line.
- 1991 Saturn introduced in Canada.
- 1993 500,000th car, called Carla, produced.
- 5/1995 Jasper, the 1 Millionth Saturn, is produced.
- 1996 GM EV1 hits showrooms. Later known as the subject of the 2006 film, *Who Killed the Electric Car?*
- 1997 Saturn introduced in Japan.
- 1999 Two Millionth Saturn produced. L Series introduced.
- 2000 to 2008 Line up expanded. Includes Vue, Ion, Sky, Outlook. L Series and S Series discontinued.
- 12/2008 GM announces intent to sell or discontinue Saturn.
- 2/2009 Saturn officially "for sale."
- 6/2009 Penske Automotive offers to buy Saturn with exception of production facilities.



Bye, Bye Saturn

Always popular with it's consumers, Saturn never shone in the eyes of GM. Their intent to overtake market share from the Japanese manufacturers failed as the majority of Saturn buyers were previous GM customers.

With the collapse of the agreement between Penske and GM, all Saturn dealerships are slated to close by October 2010. Until that time dealers will continue to service Saturn vehicles, and after that service can be obtained at GM dealerships.



ALL NEW CHEVY CAPRICE POLICE CAR TO HIT STREETS IN 2011

An all-new Chevrolet Caprice Police Patrol Vehicle (PPV) will join the ranks of law enforcement departments across North America in 2011. The vehicle is a modern, full-size, rear-drive sedan that will offer both V-8 and V-6 engines, as well as a host of specialized equipment and features, according to General Motors.

Chevrolet made the announcement at the annual International Association of Chiefs of Police convention, in Denver. The Caprice PPV will be available for ordering next year and will hit the streets in early 2011.

Out of production for more than a decade, the full-size Chevrolet police cars first joined the force in 1976. Production ended in 1996, as GM discontinued its full-size, body-on-frame car architecture.

The new Caprice PPV has been developed in key areas specifically for police duty, containing modern equipment and features:

- 6.0L V-8 with fuel-saving Active Fuel Management technology and E-85. V-6 engine will also be offered, beginning in the 2012 model year.
- Optional front-seat-only side curtain air bags.
- Two trunk-mounted batteries, with one dedicated to powering various police equipment.
- Designed for five-passenger seating, providing the upper-center section of the dashboard to be used for equipment mounting without the concern of air bag deployment interference.
- Compatibility with in-dash touch-screen computer technology.



Special front seats designed for the long-term comfort of officers, including space to accommodate the bulk of a typical equipment belt.

The Caprice PPV is based on GM's global rear-drive family of vehicles that also underpins the Chevy Camaro. It uses the longest wheelbase of the architecture - 118.5 inches (3,010 mm) - along with a four-wheel independent suspension that delivers responsive high-performance driving characteristics that are crucial in some police scenarios.

The Caprice's 6.0L V-8 is rated at an estimated 355 horsepower (265 kW) with an estimated 384 lb.-ft. of torque, and is backed by a six-speed automatic transmission that is performance-calibrated for police duty.

~ *Government Fleet, Top News, October 05, 2009*



DRIVING AND TEXTING

Up to 8000 collisions related to distracted driving occur daily in the US, comprising as much as 50% of the 6 Million collisions reported annually, according to American Automobile Association (AAA). Due to the high volume of business related traffic on the road each day, these statistics can be alarming for the liability risks to a company. It is estimated that employers pay \$24,536 in costs per crash occurring during on-the-job driving.

While distractions can range from cell phone use to reading while driving, the results of a study by the Virginia Tech Transportation Institute (VTTI) released in July prompted government officials to take action against driving while texting (DWT). Within one week of the study's release, which revealed truck and heavy-vehicle drivers who text message are 23.2 times more likely to get into an accident, several states approved legislation outlawing the practice. Arkansas, Colorado, Illinois, Maryland, Missouri, New Hampshire, North Carolina, and Oregon are the latest to jump on the anti-texting bandwagon. By January 2010, the number of states banning text messaging will total 17, along with the District of Columbia.

off the mark.com by Mark Parisi



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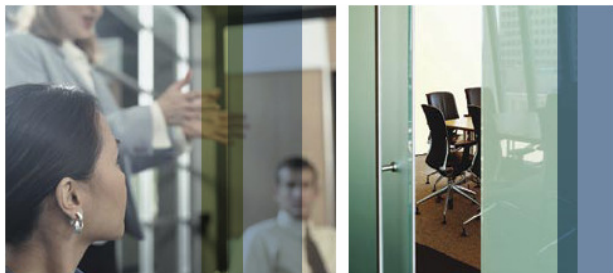
Federal Action

The US Department of Transportation is currently addressing the dangers of text messaging and other distractions behind the wheel during the "Distracted Driving Summit". Additionally, the US Senate introduced a new bill on July 29 that would force states to pass laws to prohibit messaging in vehicles or risk losing 25% of their annual federal highway funding.

Company Action

Not only is the concern on actual accidents, but distracted driving can lead to damage from potholes to curbs. AstraZeneca US has prohibited the use of all electronic devices while driving and holds sales reps driving company cars accountable through written testing on safety policies. Industry experts advocate fleets create solid policies to reduce driver distractions and secure Risk and HR departments' cooperation to address driver issues.

Extracted from September 2009 Automotive Fleet.



PERSONAL USE OF COMPANY CARS

According to a recent survey, 91% of responding fleets allow personal use of a company provided vehicle, up from recent years. A common lament is to forget to boost driver compliance with vehicle use and reporting policies.

Additionally the percent of companies charging directly for personal use has increased from 48.9% in 2006 to 63% in 2008.

Best practices to improve personal use compliance include:

- Establish and document fleet policy, clearly outlining results for noncompliance.
Example: Have drivers sign a document stating that they have read, understand, and will comply with the company policy.
- Communicate regularly through such avenues as e-mail reminders, newsletters, e-blasts, and annual notices.
Example: A dedicated end of year letter outlining tax consequences for not reporting,
- Apply consequences consistently and fairly.
Example: Drivers who miss reporting personal use data are charged a penalty; 100 percent of mileage in the missing month(s) is inputted as personal use.
- Outsource to a fleet management service provider.
Example: Most fleet management providers have resources to help you capture data on personal miles on a regular basis.



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"Your request for a motorcycle as your company car was rejected. However, I'm not totally unreasonable. Enjoy!"

From "Increasing Personal Use" by Cindy Brauer, Automotive Fleet, September 2009

GREEN TIP OF THE MONTH

Did you know a clean air filter can improve gas mileage by as much as 10%, and can save you 28 cents a gallon? Yet nearly one in four cars needs an air filter replacement.

In addition, poor alignment forces your engine to work harder (in addition to wearing out your tires), and this can reduce fuel economy by as much as 10%.

Get a tune-up and replace that cracked gas cap to save even more.



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