

SPECIAL ADVERTISING SECTION

SOLD

DRIVING CHANGE

Fasten your seatbelt. The shakeup in the auto industry has ignited a revolution in the way cars are being retooled and sold throughout America.

IN PARTNERSHIP WITH



Like the cool, heady rush of a high-test energy drink—think Red Bull, Monster, Full Throttle—a series of jolts hit American car buyers in 2009, turning inertia into action and transforming showrooms into, well, showrooms again.

On the final day of July 2009, mere days into the U.S. government's "Cash for Clunkers" incentive program, the airwaves rippled with reports that the program had already run dry, that demand (clunkers) had outstripped supply (cash), and that a qualifying guzzler owner headed to a dealership that weekend would hit a dead end. Not exactly.

Pent up, fed up, screwed up—car buyers, dealers and government administrators experienced all those emotions and more as the program officially called the Car Allowance Rebate System (CARS) kick-started a vehicle-buying frenzy that would send shock waves from driveways to Capitol Hill, from dealer lots to Detroit, from junkyards to Wall Street, even to Asia.

Sure, dealers and bureaucrats clashed over process and procedure straight to and beyond the accelerated end point of CARS on Aug. 24, but the second injection of federal dollars (for a total of \$3 billion in clunker bucks) kept car buyers red hot through the dog days of summer. In all, close to 700,000 new cars were purchased as part of the program during its month-long lifespan. U.S. Transportation Secretary Ray LaHood called it the "best economic news story in America," while President Barack Obama declared the program "successful beyond anybody's imagination."

George P. Fritze, who runs the Red River Motor Co., a Chevrolet dealership in Bossier City, La., and was named the 2009 TIME Dealer of the Year, credits the clunkers program for getting the country in the car-buying mood again, whether or not you owned a qualifying guzzler. "Cash for Clunkers had a ripple effect; we sold a lot to people who did not qualify [with cars getting 18 m.p.g. or less]," he says, adding, "Before, people were saying, 'Times are tough; we can't be

buying a car. We should be hunkering down and saving.' But this got people thinking about buying vehicles again. It finally became okay to buy a new car."

"Our experience at all my dealerships was fantastic—domestic and import—we sold a lot of cars," says David Sickel, who runs several dealerships in New Jersey and was a finalist for TIME Dealer of the Year in '09. "It created a lot of enthusiasm among customers and our own people. But I don't know about its long-term effect on getting the public to continue buying cars."

With total auto sales for August (1,261,977 cars and pickup trucks) the highest since May 2008, up 1% from the same month a year ago and up 26% from July, by late summer manufacturers were announcing plans to significantly boost production of cars by the end of the year—with some already having begun to increase output—an unthinkable development just last spring. For example, Ford plans to produce 570,000 vehicles in the fourth quarter, a 33% increase over year-ago levels and 15% above planned third-quarter 2009 levels. The increase represents higher production across a range of cars, crossovers and trucks.

Crediting the summer of clunkers, LaHood boasted, "Manufacturing plants have added shifts and recalled workers. Moribund showrooms were brought back to life, and consumers bought fuel-efficient cars that will save them money and improve the environment." Heck, by late summer, even Russia was getting on the cash-for-clunkers bandwagon, announcing plans for a similar program in that country for 2010. *Spasibo!*

UNITED STATES OF STIMULUS

In-cen-tive: *n.* Something, such as the fear of punishment or the expectation of reward, that induces action or motivates effort.

When it comes to new car incentives, the only thing to fear, it seems, is figuring out whether you qualify or not to get the reward. Lose a job? Bingo! Own a guzzler getting 18 m.p.g. or less? Congrats! Serve in the Army? Sir, yes, sir! Unhappy



2,000,000

U.S. vehicles sold in August and September (estimate)

\$4,500

Maximum Cash for Clunkers federal incentive

0%

Financing being offered by some automakers



HEAVING GOOD: THE CASH FOR CLUNKERS FEDERAL PROGRAM HELPED FUEL AUTO SALES THIS SUMMER. WHAT'S NEXT?

with your purchase? No problem!

That's because Cash for Clunkers isn't the only booster shot that got America buying cars again. Everywhere you look, truly creative deals and incentives keep popping up, and that's on top of overall improved vehicle quality and fuel efficiency and a much needed loosening of credit. Add sales-hungry dealerships doing all they can to woo customers in an era of economic crisis, and the marketplace was ready to catch fire.

"In my lifetime, I have never seen incentives like this available for new car and truck buyers. Now is an incredible

time to buy a new car," said John McElaney, a multifranchise dealer from Iowa and chairman of the National Automobile Dealers Association (NADA). "The federal incentive of up to \$4,500, coupled with automaker rebates and the auto-sales-tax deduction, put a new vehicle within reach for many American families."

Sprouting like air-cannon T-shirts at minor league baseball games, the new-car incentives of 2009 have helped feed the frenzy. The degree and diversity of incentives this year are unprecedented—ranging from manufacturer peace-of-mind purchase plans that cover monthly

payments for a period if you lose your job (in some cases, they'll even let you return your new car) to IRS clean-car, green-car tax credits. How about a year's worth of discounted gasoline? You got it. Employee pricing? Check. Then there are 0% financing, outright rebates, tax deductions and last-minute dealership bargaining. And if you happen to be active-duty or retired U.S. military, look for cash and service incentives—like Ford's "Military Appreciation Bonus Cash" offer of \$750.

What might keep the excitement going? Well, at press time, General Motors caught everyone's attention with its



The Art of the Dealer: Community Service 101

Doing good is good business, or so they say in these days of corporate social responsibility. But one car dealer is proof positive. "We've been profitable throughout the economic downturn," says George P. Fritze, of Bossier City, La., the 2009 TIME Dealer of the Year, an honor bestowed both for his business acumen and his



service to his community. Indeed, Fritze believes much of his dealership success stems from his commitment to community. On May 14, he received a commendation from the Louisiana legislature in recognition of his having been named TIME Dealer of the Year in January, and he has a picture of himself with Governor Bobby Jindal to prove it.

In July, the fundraising arm of Louisiana State University in Shreveport named Fritze to its board of directors. More recently, Fritze also joined the board of the Robinson Film Center of Louisiana. His staunch support of the local arts scene and a whole lot more is certainly worthy of commendation. At Fritze's Red River Motor Co., good deeds and good deals do go hand in hand. ●



SPEED DATING

You've searched the Web, clipped newspaper listings, made peace with your bank account and have a pretty good sense of what you want to buy. Now it's time to head to the dealership for a test drive, so use these tips.

1 Make sure any significant other gets behind the wheel and drives. Sight lines and feel can be right for you, but if you'll share this vehicle, share the test experience.

2 Take your time and mix it up—even a clunker can ride like a dream down the straight and narrow, so accelerate up a hill and onto a straightaway.



3 Consider life changes that lie ahead. Are children in your future? Golf excursions? Check the seating and pop the trunk to see if it has the room to suit your needs.

Test the internal controls and move the seats to see if you are comfortable. Now ask all the tough questions and consummate the purchase. Many happy returns. ●



bold, new "60-day Satisfaction Guarantee" offer—keep your new Chevy, Buick, GMC or Cadillac for 30 days, and if you aren't 100% happy with it, you have 30 more days to return it and get your money back. "We're putting our money where our mouth is," says new GM chairman Ed Whitacre in television commercials announcing the refund plan, adding, "May the best car win." "I think it's a fantastic program," said New Jersey dealer Sickel, who sells Chevys among other brands, as he prepared for another wave of showroom traffic in this new era of stimulus and incentive.

TO BUY OR LEASE?

It's an age-old dilemma. Like choosing to own or rent your home, determining whether to buy or lease your next new car can cause decision-making paralysis or a pure paroxysm of rage. Take heart. Weighing the options—especially during times of economic uncertainty—is the smart thing to do. Because leasing generally offers lower interest rates than car loans, the first step is to determine how much cash on hand, or trade-in value, you can afford toward a down payment on a purchase.

Then ask yourself key questions: How's

my credit rating? What kind of monthly payments can I afford? If you choose to lease (usually a two- to four-year commitment), you can pretty much forget about customizing your car. If you can afford to buy, but don't want to make a large investment, leasing might be a wiser choice. There are lots of online auto-loan calculators—e.g., Edmunds.com or Bankrate.com—to help you make that assessment. After all, nothing beats the joy of cruising behind the wheel of your own car. And this year, Uncle Sam, carmakers and auto dealers have all shifted gears to help you realize that dream. ●