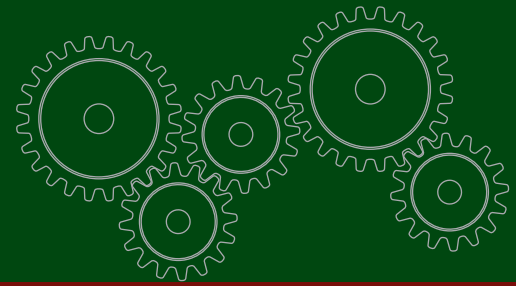




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Accelerate Your Business →

July 2007

OVERALL INDUSTRY:

- June auto sales: for the Detroit Three, it was their worst month ever in market share-50.2%-previous low was 50.5% this January-vs. the all-time high in April 1984 of 81%. Even June last year was 56.1%. SOME-but not much-of that is due to planned reductions in sales to the car rental companies. How low will it go ? According to Dave Cole of CAR-the well-respected and independent Center for Automotive Research in Ann Arbor, Michigan-the "Big 3 will eventually control about 40% of the market." Each one point of market share, annualized, is 160,000-170,000 units.
- For the first half of 2007, the Detroit Three's market share was 51.9%, down three full points from 2006's 54.9%.
- Japanese brands alone-does not count the Europeans and Koreans-captured 37.5% of the U.S. market, up from 32.5% a year ago.
- Total industry sales for the first half were down 1.5%, and for the "Big 6" they were: GM-down 7%; Ford-down 11%; DC-down 1%; Toyota-up 9%; Nissan-up 5% and Honda-up 4%.
- GM and Ford on Monday this week announced extended and expanded incentive programs to help stem the big sales declines they incurred in June (GM was down 24% in June, Ford down 12%). Ford's program now runs till August 31 and includes 0% financing for 36 months on all 2007 vehicles; buyers of trucks and SUVs also receive \$2,007 in cash. For GM, it's cash back of \$2,000 or 0% financing on 2007 full-size pickups; GM will also WAIVE PAYMENTS FOR AS LONG AS SIX MONTHS ON SOME SUVs (such as GMC Envoy/Chevy Trail Blazer) when buyers use GMAC financing.
- Three of the fastest-selling new vehicles in June were from the domestic manufacturers, in a monthly list in the WSJ which is usually unanimous imports. # 5 was the GMC Acadia (crossover), # 7 was the Saturn Sky and tied with it was the Jeep Patriot. The WSJ chart ranks the top 10 based on the # of days a vehicle stays on a dealer's lot. # 1 was Honda CR-V. BMW, Lexus, Toyota and Audi had the rest.
- NADA recently launched a 20 Group for independent used-vehicle dealerships who are NADA members. The charter meeting for the group will be in Atlanta August 7-8.



GENERAL MOTORS:

- August Issue of Smart Money (Wall Street Journal's Personal Finance mag): "The Minivan Killers: Three New Crossovers from GM Are Luring Families Away From Minivans and SUVs." Very positive reviews on the GMC Acadia, Buick Enclave and Saturn Outlook. One quote: "these are the best new vehicles from the General in years."

TOYOTA:

- Toyota is slowing down its product development process-building more prototypes, hiring more engineers and spending more money-in an effort to insure that quality doesn't slip. In 2005, Toyota's recalls hit an all-time high, and it has had some quality issues with the Avalon, new Camry and the new Tundra.
- Although Toyota has some of the highest loyalty rates in the industry, it finishes well below industry average in terms of the customer experience at the dealership level in both sales and service. Toyota knows that it needs long-term customers to maintain fast-paced growth. It is attacking this issue on many fronts.

CAR RENTAL:

- GM will sell 20,000 fewer cars to car rental companies this month, sold 13,500 fewer in June and may cut full-year car rental sales by as much as 120,000.
- "Enterprise Pulls Up At The Airport," July 23 issue of Fortune. Enterprise's purchase of Vanguard-Alamo and National-for about \$1.2 billion will change much of the industry once the deal closes in the next month or two: Enterprise's share of the airport car rental market will jump from 8% to more than 27% (Hertz = 28.5%, Avis/Budget = 30.1%); Enterprise will control almost half of all U.S. rental cars. Enterprise already has a 55% share of the off-airport market

