



A ROAD TRIP WITH THE ROMAN GOD JANUS

The month of January was named for the Roman god Janus. He's the guy with two faces: one behind looking at the past and one looking toward the future.

The face looking behind at 2016 sees another record-breaking year for light vehicle sales, totaling 17.54 million. The industry seemed to weather the three consecutive months of declining sales – August, -3.5%; September, -0.7%; and October, -5.9% – with November recovering nicely with a 3.1% increase.

Add December's increase of 3.0% and 2016's increase was 0.3%.

What Janus' forward-peering face is seeing during the first days of 2017 is an auto industry that has reached the end of the rapid growth it has experienced for a number of years. An early prediction is that 200,000 fewer vehicles will be sold during 2017, or a total of 17.3 million.

"Stable" appears to be the best adjective to describe this year for the industry.

Consumers at the top end of the income scale will have the dollars to purchase high-end vehicles; however, sales are likely to decrease among those with more moderate incomes.

With gas prices and interest rates increasing, household budgets will begin to experience some strain, pushing a new car farther down the "what-I'd-like-to-buy" list.

THE TRUMP CARD



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The significant and unknown variable for the economy in general and the auto industry in particular is how President-Elect Trump will play his cards. His advocacy of a sweeping tax cut could provide households with the extra dollars to return a vehicle purchase close to the top of their major-product-buying list for 2017.

Another part of Mr. Trump's tax overhaul plan could damage the auto industry. He is proposing a tax on imported products, as a strategy to promote US-made products. It seems like a worthy

goal on the face of it; however, too many industries, including autos, are truly global in nature.

Such a tax would likely cripple the industry; and even David and Charles Koch, two of the staunchest Republican supporters and massive fundraisers, oppose the import tax because it would hurt their businesses.

The auto industry is sixth on a list of the 10 industries that would be most vulnerable to such a tax.

NET IMPORT SHARE OF US SALES, BY INDUSTRY SECTOR

Industry	Share	Industry	Share
Textiles & apparel	64%	Autos	24%
Computer/electronics	41%	Metal products	12%
Electrical equipment	37%	Machinery	10%
Furniture	34%	Chemicals	9%
Misc. manufacturing	25%	Insurance	4%

CNBC (Goldman Sachs, US Department of Commerce), December 2016



MARKETING FORWARD

More Digital Shopper Insights

A major consumer trend that will only accelerate during 2017 is more car buyers starting and completing much of the buying process online – and before they contact or visit a dealership.

Based on findings from a 2016, three-country (US, China and Germany) Accenture study, dealerships may want to target 2017 as the year they do a better job of integrating consumers' online and offline experiences. Those consumers surveyed said current integration rates only a 2.3 on a 1-to-4 scale.

The survey also found that 60% of “digital natives” (frequent online shoppers) visited a dealership more than twice before making a purchase. It was 47% among “digital laggards” (less frequent online shoppers).

Another aspect of this trend the study revealed is that digital natives may visit a dealership more than digital laggards, but natives spend less time at the dealership. Natives view the dealership as the place for the last few steps in the buying/selling process, as they are completing more of those steps themselves and they prefer a salesperson who doesn't try to start with step #1.

CONSUMERS' PREFERENCES FOR CAR-BUYING DECISIONS CONDUCTED AT THE DEALERSHIP, 2016

Car-Buying Decision	Percent
Test drive	55%
Negotiation	49%
Signing the contract	48%
Handover	46%
Reviewing vehicle models	44%
Understanding options list	37%
Specification to individual needs	28%
Understanding financing options	28%
Configuration with salesperson	27%

Accenture, April 2016

How to Close More Digital Shoppers

Given the acceleration of much of the car-buying process occurring online, dealerships are facing another change to their side of the process: They must be willing to provide prospects with the information they request before visiting the dealership.

A recent study from DrivingSales found that “39% of prospects won't consider a dealership unless they can easily receive a competitive price in advance of a visit.” Too often, however, so-called business-development centers at dealerships purposely withhold the information prospects are seeking to maximize scheduled appointments.

In the digital age, this is very likely to reduce the number of appointments and visits because today's digitally savvy consumer doesn't want to interact with a salesperson or process, but an Apple Store-Genius type advisor/guide. Dealerships with this kind of expert fielding prospects' requests and freely answering their questions are in a better position to ask for an appointment – and consumers are more likely to comply.





ROAD SIGNS

An Electrically Charged Future Is Almost Here

For years, futurists and auto industry pundits have ballyhooed the age of the electric vehicle, but it has been slow to come to fruition. That may be about to change, however, as electric vehicles are about to enter the mainstream instead of their limited luxury or green-tech appeal to date.

The tipping point so many have been awaiting is upon us: the significant decline in the cost of battery technology. Daimler predicts it will be on par with the cost of the internal-combustion engine by 2025. A *Wall Street Journal* analyst thinks the consumer tipping point will occur prior to that date for a variety of reasons.

- » More stringent environmental regulations are forcing internal-combustion engines to become more expensive.
- » Tesla has proven that there is a market for well-designed electric cars and the price of the new Chevy Bolt, at approximately \$30,000, will be less than the average price of a new vehicle in the US.
- » During November, the Obama administration announced the addition of 48 new “charging corridors” that include 25,000 of major highways in 35 states. Charging stations will be located at approximately 50-mile intervals, and most will be installed during 2017.



Tech News and Notes

Ford is about to unveil its second-generation driverless Fusion Hybrid at this year’s Consumer Electronics Show. Changes to its exterior have made the new model appear very similar to most other models in the Fusion category.

Ford says the new Fusion Hybrid is the next step to realize its expectation of a fully autonomous vehicle by 2021. Ford would like to see it become a favorite of ride-sharing and ride-hailing services.

Alphabet, the parent of Google and a host of other tech-forward businesses, has announced that its self-driving car project will continue as a separate entity called Waymo.

Waymo is accelerating its entry into the driverless-car market by joining with Fiat Chrysler Automobiles (FCA) to launch a ride-sharing service utilizing FCA minivans as soon as late 2017. More recently, Waymo has entered into a partnership agreement with Honda to test Waymo’s sensors, computers and software in Honda vehicles.





MONTHLY AUTOMOBILE SALES CHART

RANK	AUTOMAKER	DECEMBER 2016	% CHANGE	YEAR TO DATE	% CHANGE	DECEMBER 2016 MARKET SHARE	YTD MARKET SHARE
#1	Ford	224,994	-0.8%	2,487,487	-0.6%	13.3%	14.2%
#2	Chevrolet	212,959	+12.8%	2,096,510	-1.4%	12.6%	12.0%
#3	Toyota/Scion*	202,047	+2.6%	2,118,402	-1.7%	12.0%	12.1%
#4	Honda	143,329	+6.9%	1,476,582	+4.8%	8.5%	8.4%
#5	Nissan	134,545	+8.3%	1,426,130	+5.5%	8.0%	8.1%
#6	Jeep	83,159	-6.4%	926,376	+6.1%	4.9%	5.3%
#7	GMC	63,415	+5.8%	546,628	-2.2%	3.8%	3.1%
#8	Subaru	63,177	+12.3%	615,132	+5.6%	3.7%	3.5%
#9	Hyundai	60,572	-4.6%	768,057	+0.8%	3.6%	4.4%
#10	Kia	54,353	+0.2%	647,598	+3.5%	3.2%	3.7%
#11	Ram	53,597	+10.2%	545,851	+11.1%	3.2%	3.1%
#12	Lexus	41,182	-0.5%	331,228	-3.9%	2.4%	1.9%
#13	Volkswagen	37,229	+20.3%	322,948	-7.6%	2.2%	1.8%
#14	Dodge	36,329	-21.4%	506,858	-3.9%	2.2%	2.9%
#15	Mercedes-Benz†	35,871	-6.2%	374,541	+0.4%	2.1%	2.1%
#16	BMW	32,835	-5.2%	313,174	-9.5%	1.9%	1.8%
#17	Mazda	28,754	-1.8%	297,773	-6.7%	1.7%	1.7%
#18	Audi	23,195	+13.7%	210,213	+4.0%	1.4%	1.2%
#19	Cadillac	21,446	+3.2%	170,006	-3.0%	1.3%	1.0%
#20	Buick	21,288	+2.8%	229,631	+2.9%	1.3%	1.3%
#21	Infiniti	18,198	+20.6%	138,293	+3.6%	1.1%	0.8%
#22	Acura	17,148	+1.9%	161,360	-8.9%	1.0%	0.9%
#23	Chrysler	16,776	-31.7%	231,972	-27.0%	1.0%	1.3%
#24	Lincoln	12,791	+17.8%	111,724	+10.4%	0.8%	0.6%
#25	Volvo	10,129	+8.4%	82,724	+18.1%	0.6%	0.5%
#26	Land Rover	8,279	-1.9%	73,861	+4.6%	0.5%	0.4%
#27	Mitsubishi	7,383	-6.4%	96,267	+1.0%	0.4%	0.5%
#28	Mini	4,658	-7.0%	52,030	-11.1%	0.3%	0.3%
#29	Jaguar	4,294	+259%	31,243	+116%	0.3%	0.2%
#30	Porsche	4,015	+2.0%	54,280	+4.9%	0.2%	0.3%

/// AUTOMOTIVE UPDATE

JANUARY 2017 www.mediacenteronline.com



RANK	AUTOMAKER	DECEMBER 2016	% CHANGE	YEAR TO DATE	% CHANGE	DECEMBER 2016 MARKET SHARE	YTD MARKET SHARE
#31	Fiat	2,606	-53.6%	32,742	-23.7%	0.2%	0.2%
#32	Genesis	1,733	---	6,948	---	0.1%	0.0%
#33	Maserati	1,694	+58.5%	12,534	+7.2%	0.1%	0.1%
#34	Smart	1,186	+77.3%	6,211	-17.0%	0.1%	0.0%
#35	Bentley	407	-29.9%	2,581	-3.9%	0.0%	0.0%
#36	Alfa Romeo	52	-7.1%	516	-21.7%	0.0%	0.0%
	*Toyota	201,945	+3.5%	2,106,374	-0.7%	12.0%	12.0%
	*Scion	102	-94.6%	12,028	-63.5%	0.0%	0.1%
	General Motors	319,108	+10.0%	3,042,775	-1.3%	18.9%	17.3%
	Toyota Motor Corporation	243,229	+2.0%	2,449,630	-2.0%	14.4%	14.0%
	Ford Motor Company	237,785	+0.1%	2,599,211	-0.1%	14.1%	14.8%
	FCA/Chrysler Group†	192,519	-10.0%	2,244,315	-0.4%	11.4%	12.8%
	Honda Motor Company	160,477	+6.4%	1,637,942	+3.2%	9.5%	9.3%
	Nissan Motor Company	152,743	+9.7%	1,564,423	+5.4%	9.0%	8.9%
	Hyundai-Kia	116,658	-0.9%	1,422,603	+2.5%	6.9%	8.1%
	Volkswagen Group§	64,846	+16.1%	590,022	-2.7%	3.8%	3.4%
	BMW-Minil	37,493	-5.4%	365,204	-9.7%	2.2%	2.1%
	Daimler	37,057	-4.8%	380,752	+0.1%	2.2%	2.2%
	Jaguar/Land Rover	12,573	+30.5%	105,104	+23.6%	0.7%	0.6%
	TOTAL¶	1,688,368	+3.0%	17,539,052	+0.3%		

Source: Automakers and ANDC

Red font indicates declining year-over-year volume.

* Excluding Sprinter/Metris: decreased 6.4% to 32,011 for December; decreased 0.8% to 340,237 YTD.

† Includes Alfa Romeo, Chrysler, Dodge, Fiat, Jeep and Ram

§ Does not include Lamborghini

¶ Includes BMW and Mini

ANDC estimate for Tesla: an increase of 4.4% to 2,250 for December; increased 5.4% to 26,725 YTD.

¶ Industry total takes into account Automotive News figures/estimates for brands, such as Tesla and other low-volume, high-priced manufacturers.

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