

INDUSTRY TRENDS (CON'T)

FORECAST FOR GROWTH THROUGH 1988

Nearly three-fourths of retailers believe that the near future holds growth plans, according to a retail panel survey conducted by *Automotive Marketing*. Seventy-three percent agreed on a positive outlook for their business looking toward increased car usage as commuters move to the suburbs and continue to work in the cities.

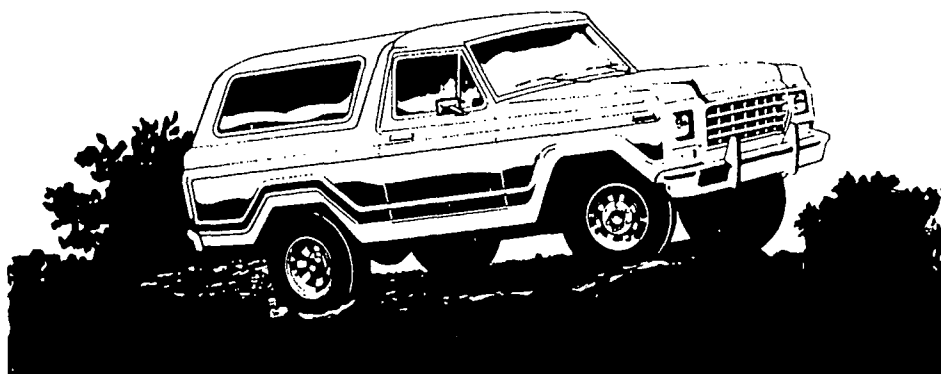
As of April of this year, 63 percent termed their dollar sales as "somewhat better" than April 1987. Twenty-one percent experienced "much better" sales during the same period.

More than half, 56 percent, of retailers surveyed viewed the U.S. economy as remaining the same in 1988. Twenty-four percent said a recession will take place this year.

On the other hand, those who see an upcoming recession point out the increase in seasonally adjusted annual rate of consumer prices may lead to an inflationary spiral. However, the prime rate increase may counter any increase in consumer prices. Higher interest rates mean tighter money, thus, offsetting inflationary predictions. Recession forecasters also view the extended period of prosperity since the last real downturn can only mean the cycle will turn toward a recession in the near term.

Even if a recession were to occur, it may not severely hit the automotive after-market. Traditionally, when new car sales drop during a recession, the sales of products to maintain cars on the road grow at a faster than usual rate.

Source: *Automotive Marketing*



NEW SAFETY STANDARD FOR LIGHT DUTY VEHICLES

Effective December 21, 1988, light trucks and multipurpose vehicles must comply to the passenger vehicle safety standard for power windows. The National Highway Traffic Safety Administration (NHTSA) will require that, in pickups and vans with a gross vehicle weight rating of up to 10,000 pounds, the power windows must operate only when the vehicle is on. The power shutoff is intended to protect children from injuries caused by a closing window. The NHTSA decision resulted from an upswing in use of utility vehicles as passenger vehicles. In its announcement, NHTSA also held for further review a similar proposal regulating sunroofs in these vehicles.

WRITE ON TO SENATORS

Seventy-two percent of car owners are unaware or misinformed of the time and mileage limits of their existing emission control system warranties, according to a study by the Coalition for Auto Repair Choice. Make sure that your Senators and Congressional Representatives are aware of your opposition to the proposal to extend emission warranties to 10 years and 100,000 miles.

After consumers were informed of the proposed extension and current coverage, 61 percent felt that the present five year/50,000 mile level was adequate.

Write to your Senators and Representative to let them know the damage this bill would have upon your business. The address for your Senators is The Honorable _____, U.S. Senate, Washington, D.C. 20515. Contact your Congressional Representative at The Honorable _____, U.S. House of Representatives, Washington, D.C. 20510.

ACURA SATISFIES MORE CONSUMERS

Acura, Honda's answer to the upscale auto market, achieved the highest 1988 Consumer Satisfaction Index (CSI) rating, according to the marketing research firm of J.D. Power and Associates. A back-to-back winner, Acura earned a CSI mark of 144 points—two points lower than its 1987 total of 146.

The rest of the top 10 are: Mercedes-Benz, 138 points; Honda, 135 points; Cadillac, 126 points; Toyota, 122 points; Lincoln, 121 points; BMW, 120 points; Volvo, 118 points; and a tie between Audi and Mazda, 117 points.

Power's 1988 survey reflected a sign of increasing customer satisfaction among consumers with an average CSI rating of 108, up from 104 in 1987. In addition, the gap between the top and bottom cars held near 113 points in prior years. This year the gap narrowed to 88 points.