

# Automotive News Canada

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Manitoba dealer group says its new technology will "REVOLUTIONIZE" the industry.  
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## NAFTA in jeopardy?

Despite the blustering, it's unlikely that the United States could actually break NAFTA, which means the focus for Canada is still on the Trans-Pacific Partnership

By **ROBERT BOSTELAAR**  
OTTAWA CORRESPONDENT

THE BIG CONCERN FOR THE Canadian auto sector against the backdrop of rhetoric of the United States presidential election should not be whether candidates Donald Trump or Hilary Clinton would change or eliminate the North American Free Trade Agreement (NAFTA), but the Trans-Pacific Partnership, experts say.

Even if American dissatisfaction with the 22-year-old NAFTA is largely focused on gains made by Mexico, the impact of its dissolution – on Canada, on Mexico, on the United States itself – would make the U.K-Europe Brexit split look like a passing squabble.

And never mind the physical wall Trump wants along the boundary with Mexico, when walls of tariffs rise along formerly open bor-

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## JERRY DIAS UNIFOR'S BULLDOG

His approach to Canadian plant negotiations with the Detroit Three automakers seems friendly enough, but when he speaks, people listen

By **MARK RICHARDSON**  
TORONTO CORRESPONDENT

HAILING FROM A UNION FAMILY, Unifor president Jerry Dias has fighting in his blood. That's a good thing given the road ahead.

Simply put, Dias wants renewed automaker commitments and investments in Canadian plants. It's tougher than it sounds in an economy where it might be easier for the Detroit Three automakers to pull up stakes and move to Mexico than deal with

a cantankerous union representing 23,000 workers for Ford, GM and FCA in Canada.

A year ago he was basically alone as federal-government support for the auto industry was non-existent, so when Dias leaned into the microphone at Unifor's convention Aug. 26 and told the union audience that former Prime Minister Stephen Harper had just announced his resignation from politics, the room erupted.

"There were 1,800 people yelling and

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Fiat Chrysler CEO Sergio Marchionne, Jerry Dias and Unifor Local 444 President Dino Chiodo.  
PHOTO: UNIFOR LOCAL 444

## New U.S. regs thwart Canadian car exports

Normally, Americans are hot for Canadian cars when the dollar is low, but a 30-day hold on vehicles entering the United States is dousing the flames

By **STEPHANIE WALLCRAFT**  
TORONTO CORRESPONDENT

CURRENCY FLUCTUATIONS are a fact of life that the North American auto industry has coped with for decades, but this time around the low Canadian dollar has brought some new challenges.

While the cross-border movement of used vehicles has shifted southbound with American buyers attracted by relatively low prices after conversion, some importers are finding that the process for bringing vehicles across the border has become more onerous in recent months.

"There's now a 30-day holding period after the vehicle is deemed road-ready in the U.S., so that's taken a lot of the steam out and added a lot of bureaucracy and extra cost," says Greg Timm, President of Pacific



Customs Brokers in Blaine, Wash.

"Now the importer has to hire a holding yard, they've got to apply to get the vehicle out, and it's got to be re-stamped out again."

Timm says that although there is an abundance of Canadian product available of interest to the American used market – "there are lots of items coming out of the Fort McMurray area as that indus-

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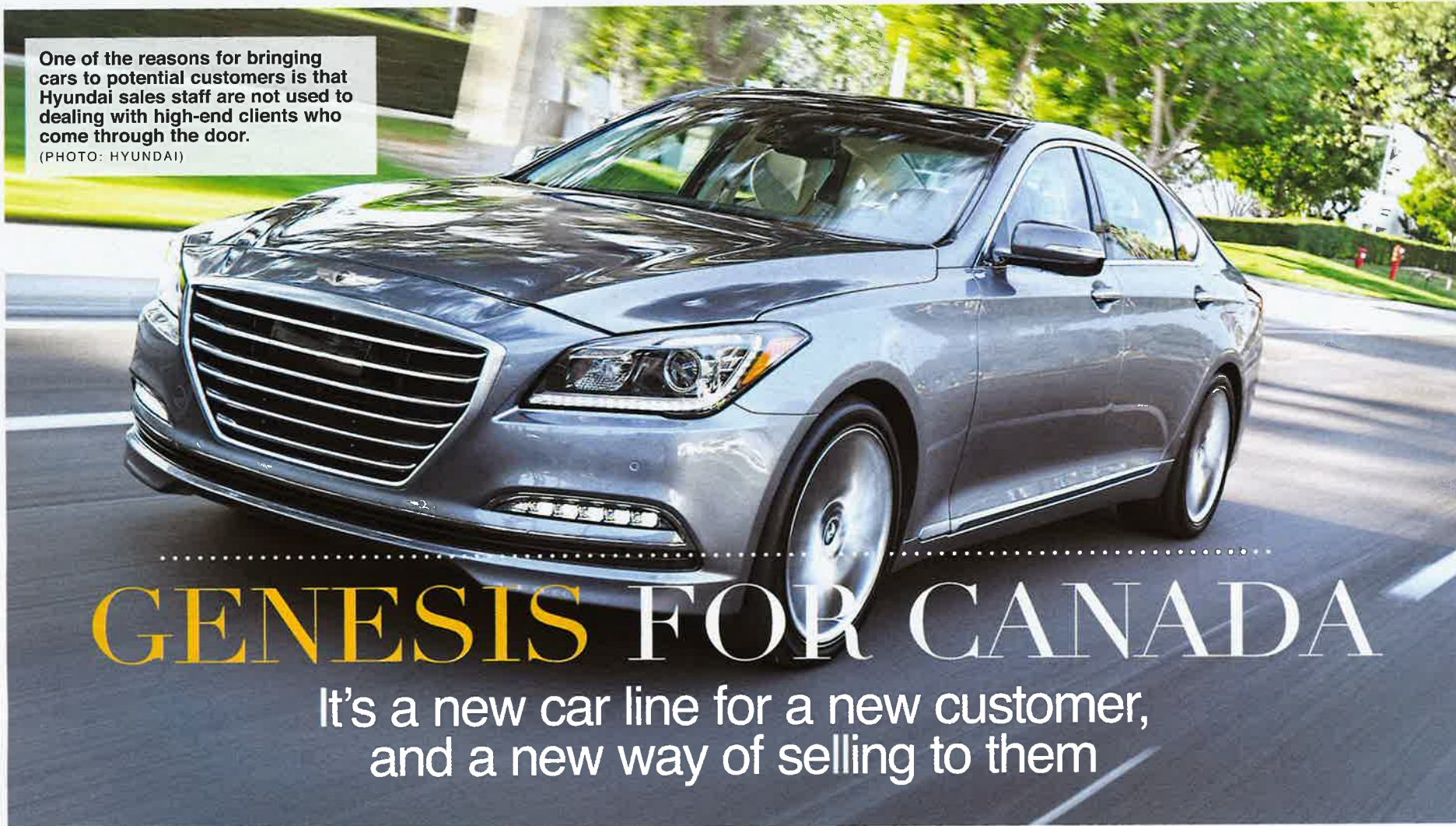


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One of the reasons for bringing cars to potential customers is that Hyundai sales staff are not used to dealing with high-end clients who come through the door.  
(PHOTO: HYUNDAI)



# GENESIS FOR CANADA

It's a new car line for a new customer, and a new way of selling to them

Dealers will take Genesis cars to customers so they're not in the same place that also leases Accents for "\$39 per week"

BY JEREMY SINEK  
TORONTO CORRESPONDENT

HYUNDAI IS FINALLY LAUNCHING its long-awaited luxury brand, Genesis. That's news.

Bigger news still is the way Genesis plans to begin retailing its cars in Canada; with no separate Genesis dealers, and no Genesis cars in Hyundai dealerships either.

Genesis Motors Canada plans "a hybrid between leveraging our current dealer body and having a program where the OEM sells direct," says Michael Ricciuto, director of the Genesis Brand and Corporate Strategy.

Under the umbrella "Genesis at

## THE ROLLOUT

- Brand launches in Canada this fall
- Initial lineup is two low-volume sedans
- Initial 'Genesis at Home' retail strategy instead of bricks-and-mortar stores
- Six-model lineup will complete roll-out over next five years
- Stand-alone Genesis stores in five years when full lineup is available
- Eventually Genesis wants about 33 stores in Canada

Home," sales staff will bring demo cars to prospective customers' homes or workplaces. Customers will be able to complete the transaction online. And after the sale, cars will be picked up for service and returned to the customer on

a similar concierge basis. The plan also envisages boutique showrooms in select malls and downtown locations.

## PORTFOLIO SMALL TO START

Here's the reasoning: Genesis's launch lineup – one midsize sedan and one large one – is too small and too low-volume to justify its own dealer network right now. The stand-alone Genesis stores will come about five years down the road. By that time, the product portfolio will include compact and midsize CUVs plus a compact sedan (a la BMW 3 series) and coupe. The greater sales volume should make the investment viable for the select Hyundai dealers eligible for the franchise.

Meanwhile, the automaker recognises that prospects who could afford a Mercedes S class or BMW 7 series will balk at shopping in "lease-an-Accent-for-\$39-per-week" Hyundai stores; Hyundai sales staff are not used to handling those high-end customers.

In the United States, franchise laws mean the cars will still have to be carried and sold by Hyundai dealers, but American Hyundai will apply the concierge/on-line concept as much as possible to ensure prospects need never visit a physical Hyundai store ... if they don't want to.

## INCENTIVES TO SELL

Different laws in Canada let Genesis take that a step further. Genesis Motors Canada will hold the inventory, and customers will ultimately make their purchase from the OEM; the dealers' role will be to interface with customers as Genesis Canada's agents: "We'll be compensating our dealers very well so they can focus on literally selling the product, the features and the brand," says Ricciuto.

A key element in that process will be fixed, no-haggle, all-inclusive pricing. The larger G90 will be sold in just two models distinguished by their engines: turbocharged V-6 or non-turbo V-8. Both models will be loaded, with no options available. The all-inclusive price will even include destination, administration fees, etc.

As of this writing, Genesis was just beginning private conversations with potential partner dealers. None of the dealers interviewed by *Automotive News Canada* had yet been approached, and without knowing any details, they were reluctant to comment.

## NEW APPROACH

"It's new ground for everybody and I don't even have an opinion because I don't know how it will work or how clients will respond to it," said Robert Attrell of Attrell Hyundai in Brampton, Ont. "We've never marketed cars like this before."

**We'll be compensating our dealers very well so they can focus on literally selling the product... and the brand.**

MICHAEL RICCIUTO  
Director of the Genesis Brand and Corporate Strategy

Michael Hatch, chief economist for Canadian Automobile Dealers Association (CADA), doesn't see any red flags raised by Hyundai's proposal. "We'll see how it goes," he said. "It's an interesting experiment."

Hatch added that people have been predicting the end of bricks-and-mortar dealerships since the early days of the internet. But although online retailing has become widespread in many other products, "When it comes to vehicles, so far we have been able to buck that trend. A car is a very infrequent and significant purchase, and people still want to visit a dealership and kick the tires."

Eventually, Genesis buyers will be able to do that. The brand plans to have 33 bricks-and-mortar stores of its own in five years' time. — **ANC**



Genesis sales staff will bring demo cars to prospective customers, who will then be able to complete the transaction on-line. (PHOTO: HYUNDAI)