Fast Lane News

Issue #4

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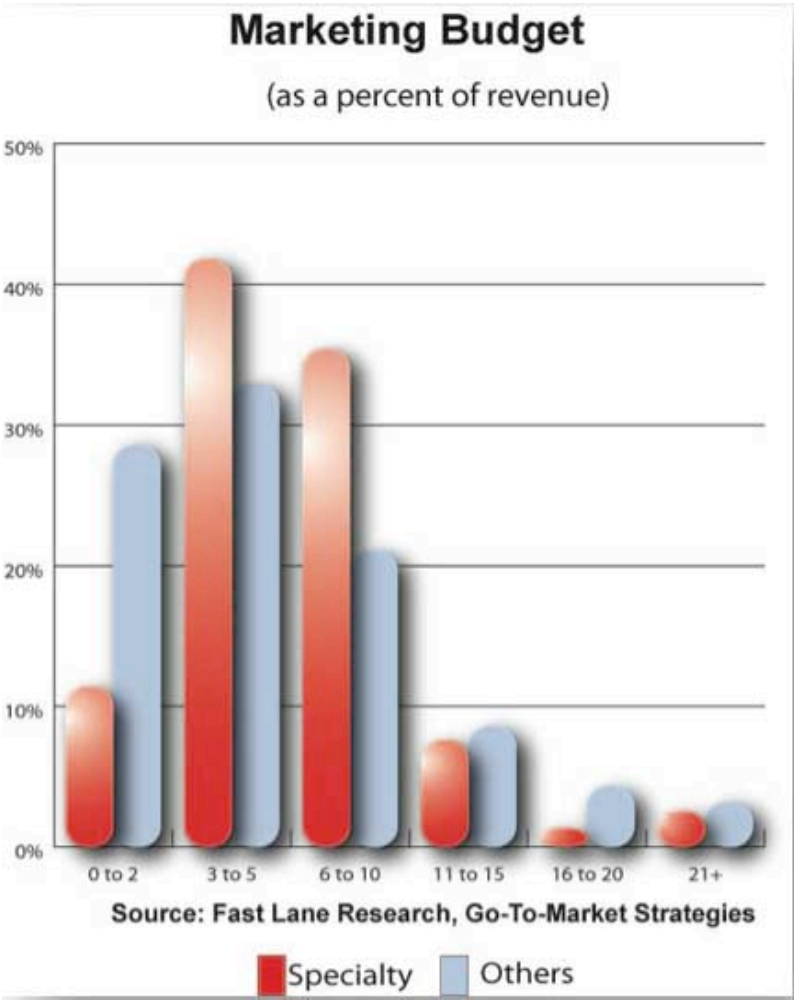
MANUFACTURERS AVERAGE 7% OF REVENUE ON MARKETING

As part of a study conducted by Fast Lane Research, manufacturers of automotive performance parts and accessories indicated that on average they spend 7% of annual revenues on marketing. Industry manufacturers reported investing anywhere from a minimum of 0% up to a maximum of 30% of their revenue in marketing.

MARKETING Budget	
Specialty Equipment Industry	
% of Revenue	**% of Companies**
0-2%	11.40%
3-5%	41.80%
6-10%	35.40%
11-15%	7.60%
16-20%	1.30%
20+%	2.50%
Other Industries	
% of Revenue	**% of Companies**
No Budget	1.10%
0-2%	28.60%
3-5%	33%
6-10%	21.10%
11-15%	8.60%
16-20%	4.30%
20+%	3.20%

Particularly in tough times, business owners and executives must evaluate all company expenditures. Unfortunately some attack the largest line items and try to compensate for falling revenues without regard to the impact the cuts will have on the operation or how the expenditures compare with what peers and competitors are doing.

For comparison to other industries here is some benchmark data collected by Go-To-Market Strategies. Their recent survey of sales and marketing professionals and business leaders reported the following benchmarks:



A major element of marketing is advertising. According to TNS Media Intelligence, total measured advertising expenditures in the first six months of 2009 fell 14.3 percent versus a year ago, to $60.87 billion. Ad spending during the second quarter of 2009 was off 13.9 percent compared to last year: the fifth consecutive quarter of year-over-year declines.

"The rate of decline in ad spending was level throughout the second quarter," said Jon Swallen, SVP Research at TNS Media Intelligence. "While it's tempting to interpret this as a positive indicator that things aren't getting worse, the fact remains that the market has been steadily tracking at around 14 percent declines for several consecutive months and this represents billions of lost revenue. Early data from third quarter hint at possible improvements for some media due to easy comparisons against distressed levels of year ago expenditures."

Print media continued to suffer large rollbacks in ad pages from key categories and this resulted in aggregate spending declines of 24.2 percent for Newspaper media and 20.9 percent for Magazine media. Within these broad sectors, there was little difference in the performance of individual media sub-types. Total spending in Radio media was down 24.6 percent due to ongoing weakness in automotive, retail and local services.

Percent Change in Measured Ad Spending	
Jan-June 2009 vs. Jan-June 2008	
MEDIA SECTOR	% CHANGE
TELEVISION MEDIA	**-10.00%**
· *Network TV*	*-5.50%*
· *Cable TV*	*-3.60%*
· *Spot TV*	*-27.10%*
· *Syndication - National*	*-0.70%*
· *Spanish Language TV*	*-12.70%*
MAGAZINE MEDIA	**-20.90%**
· *Consumer Magazines*	*-20.10%*
· *B-to-B Magazines*	*-26.70%*
· *Sunday Magazines*	*-18.60%*
· *Local Magazines*	*-25.70%*
· *Spanish Language Magazines*	*-27.30%*
NEWSPAPER MEDIA	**-24.20%**
· *Newspapers (Local)*	*-24.10%*
· *National Newspapers*	*-24.90%*
· *Spanish Language Newspapers*	*-20.50%*
INTERNET (display ads only)	**6.50%**
RADIO MEDIA	**-24.60%**
· *Local Radio*	*-25.50%*
· *National Spot Radio*	*-29.20%*
· *Network Radio*	*-8.70%*
OUTDOOR	**-15.70%**
FSIs	**4.60%**
TOTAL	**-14.30%**

Source: TNS Media Intelligence

BILLY DURANT – AN AUTOMOTIVE PIONEER

Tuesday, December 8th (1861) marks the birthday of one of the giants of America's early automobile industry—William C. “Billy” Durant. Billy Durant started by making horse-drawn carriages in Flint, Michigan. Then, sensing the potential of self-powered vehicles, he switched to building motorcars in the early part of the last century. In 1904, Durant began building the car industry. He utilized his sales skills and entered the Buick (which had built only 37 cars to date) in a New York auto show. He returned from that show with orders for 1,108 cars. In 1908 he brought together several automotive manufacturers to form the General Motors Co.

In 1910, Durant became financially overextended and banking interests assumed control, forcing him from management of GM. He then set out to create another "GM," starting with the Little car, named after its founder, William H. Little. Unsatisfied with this approach, however, he abandoned it and went into partnership with Louis Chevrolet in 1911, starting the Chevrolet company. Before long, a disagreement between the two entrepreneurs resulted in Durant buying out his partner's share of the company.

Nevertheless, the venture was so successful for Durant that he was able to buy enough shares in GM to regain control, becoming its president in 1916. During his presidency from 1916-1920, Durant brought the Chevrolet product line, as well as Fisher Body and Frigidaire into General Motors. In 1920, he finally lost control of GM to the DuPont interests.

WORLD’S FASTEST PRODUCTION CARS

How many production cars can you name that have a top speed over 200 mph?

- Barabus TKR – top speed 270 mph, 0 to 60 1.67 sec
- SSC Ultimate Aero – top speed 257, 0 to 60 2.7 sec
- Bugatti Veyron – top speed 253 mph, 0 to 60 2.5 sec
- Koenigsegg CCR – top speed 251 mph, 0 to 60 3.1 sec
- Saleen S7 – top speed 248 mph, 0 to 60 3.2 sec
- Koenigsegg CCX – 245 mph (some report 250), 0 to 60 3.2 sec
- McLaren F1 – top speed 240 mph, 0 to 60 3.2 sec
- Zenvo ST-1 – top speed 233 mph, 0 to 60 3.0 sec
- Bristol Fighter T – top speed 225 mph, 0 to 60 3.5 sec
- Ferrari Enzo – 217 mph, 0 to 60 3.4 sec
- Mercedes-Benz McLaren SLR Stirling Moss – top speed 217 mph
- Jaguar XJ220 – top speed 217, 0 to 60 3.8 sec
- Pangani Zonda F – top speed 215 mph (some report 217), 0 to 60 3.5 sec
- Lamborghini Murcielago SV – top speed 211, 0 to 60 3.3 sec
- Lamborghini Reventon – top speed 211
- Mercedes-Benz SLR McLaren – top speed 209 mph, 0 to 60 3.6 sec
- Porsche Carrera GT – top speed 205 mph (some report 209), 0 to 60 3.9 sec
- Aston Martin V12 Vanquish S – top speed 200 mph, 0 to 60 4.8 sec

PERSONALIZATION SPREADS BEYOND AUTOMOTIVE INDUSTRY

Trend Hunter published an interesting assessment of the continuing trend of personalization. Their conclusion is "Customization adds a deeper feeling of ownership." Trend Hunter reported that the personalization of goods offers a unique or novelty factor as it increases the product's relevance to individual consumers. Some of the products they report being personalized are:

- Personalized illustrated wallpaper
- Photoshop fame faking
- Personalized LEGO figurines
- You as an action figure
- Personalized wine glasses
- Self-trolling
- Personalized shower curtains
- Personalized robot replicas
- Ultrasounds as modern art
- Billion-dollar business cards
- Luxury home narcissism
- You as a doll

It would appear that consumers are finding new and innovative ways to make their possessions and surroundings increasingly unique. The automotive specialty equipment industry has been customizing vehicles for more than 70 years, and now our society has caught the bug in a big way.

WARD'S 10 BEST ENGINES - SMALL REVOLUTION

Most automotive awards focus on complete vehicles, overall attributes or consumer satisfaction. Others like the *International Engine of the Year* or *Ward's Auto's Top 10 Engines* venture under the skin to rank the best poweplants installed in the vehicles available to consumers; one encompassing options on a global scale and the other on purely North American options. These lists not only highlight some of the current innovations within engine production, but also indicate near-future shifts in availability. Every year since 1994 the editors at *Ward's Automotive* have pulled together their list of the 10 engines they believe are the most relevant.

For the past decade and beyond much of the emphasis was on performance; noise reduction, delivery and sheer power. This year is not entirely different, but the new engines being offered are meeting the performance needs of consumers while offering better fuel economy and reduced emissions. Some inclusions in recent years have suggested economical models and the 2010 nominees illustrate an obvious departure from traditional engines and a blatant attempt by manufacturers to downsize. During the past five years the combined average size of the top 10 nominees fell between 3.3-3.6 liters. For 2010 the average is 2.7 liters. Winning attributes include diesel fuel (2), forced induction (6), hybridization (2) and direct injection or common-rail diesel injection. For the first time in the awards history only one eight-cylinder model was selected.

Wards Auto 2010 Top 10 Engines
2.0L TFSI Turbocharged DOHC I-4 (Audi A4)
3.0L TFSI Supercharged DOHC V-6 (Audi S4)
3.0L DOHC I-6 Turbodiesel (BMW 335d)
2.5L DOHC I-4 Hybrid (Ford Fusion Hybrid)
3.5L EcoBoost Turbocharged DOHC V-6 (Ford Taurus SHO)
2.4L Ecotec DOHC I-4 (Chevrolet Equinox)
4.6L Tau DOHC V-8 (Hyundai Genesis)
2.5L Turbocharged DOHC H-4 (Subaru Legacy 2.5GT)
1.8L DOHC I-4 Hybrid (Toyota Prius)
2.0L SOHC I-4 Turbodiesel (Volkswagen Jetta SportWagen TDI)

VOLKSWAGEN TO TAKE 20% OF SUZUKI

With the news of the Volkswagen-Porsche partnership just settling in, the German automaker has announced a more-than-likely bid to absorb 20% of Suzuki in the next few months. Both are strategic moves that have a great deal of superficiality to them; meaning the purchases help the collaboration overtake Toyota in sales but do not offer the brands much immediate benefits, especially in North America. Volkswagen's main interest in Suzuki is for their ability to produce profitable microcars (something GM was unable to do with Suzuki) and their market penetration in India. Suzuki's interest is in Volkswagen's marketability in China, where the Japanese brand has been unsuccessful, and the access to Volkswagen's advanced technologies. For North America, the best estimate for the impact of this merger is that Volkswagen is eying a boost in production of eco-friendly compact and sub-compact vehicles. In fact, Volkswagen has admitted to a long-term goal of selling 800,000 vehicles by 2018. Their Up!Lite concept at the Los Angeles Auto Show might be a catalyst to that change if they can make the vehicle profitable.

HOW FRIENDLY IS YOUR STATE TO DO BUSINESS IN?

Thinking about moving your company to another state? The Small Business & Entrepreneurship Council publishes a report you might want to check out—The Small Business Survival Index. The index ranks states based on 36 criteria and awards a total score. The lower the score, the friendlier the state is to small business.

(Ranked from the Friendliest to the Least Friendly Policy Environments for Entrepreneurship)

Rank	State	SBSI	Rank	State	SBSI
1	South Dakota	25.693	26	Kansas	57.813
2	Nevada	31.348	27	Pennsylvania	57.847
3	Texas	32.082	28	New Mexico	58.101
4	Wyoming	37.069	29	Louisiana	58.111
5	Washington	42.955	30	Wisconsin	58.8
6	Florida	45.284	31	Montana	59.041
7	South Carolina	48.001	32	Idaho	61.705
8	Colorado	48.25	33	New Hampshire	61.995
9	Alabama	48.823	34	Nebraska	62.143
10	Virginia	50.843	35	Delaware	62.775
11	Ohio	51.25	36	West Virginia	63.689
12	Alaska	51.554	37	Maryland	64.342
13	Tennessee	51.855	38	Oregon	65.179
14	Utah	52.404	39	North Carolina	65.497
15	Indiana	52.602	40	Connecticut	66.627
16	Arizona	52.803	41	Iowa	67.485
17	North Dakota	53.044	42	Hawaii	68.454
18	Missouri	53.277	43	Minnesota	72.149
19	Mississippi	53.439	44	Massachusetts	72.515
20	Georgia	53.781	45	Rhode Island	73.339
21	Oklahoma	53.868	46	Maine	74.699
22	Kentucky	54.877	47	Vermont	75.717
23	Michigan	55.383	48	New York	76.94
24	Illinois	55.983	49	California	77.749
25	Arkansas	56.006	50	New Jersey	84.73
			51	*Dist. Columbia*	*84.795*

** (Please note that the District of Columbia was not included in the studies on the states' liability systems, eminent domain legislation and highway cost efficiency, so D.C.'s last place score actually should be even worse.)*

This report ranks the 50 states and District of Columbia according to some of the major government-imposed or government-related costs affecting investment, entrepreneurship, and business. The Index ranks the states according to their public policy climates for entrepreneurship.

This fourteenth annual Small Business Survival Index ties together 36 major government-imposed or government-related costs impacting small businesses and entrepreneurs across a broad spectrum of industries and types of businesses:

Personal Income Tax.
Individual Capital Gains Tax
Corporate Income Tax.
Corporate Capital Gains Tax.
Additional Income Tax on S-Corporations.
Individual Alternative Minimum Tax.
Corporate Alternative Minimum Tax.
Indexing Personal Income Tax Brackets.
Property Taxes.
Sales, Gross Receipts and Excise Taxes
Estate Taxes/Death Taxes
Unemployment Tax Rates.
Health Savings Accounts.
Health Care Regulation: Guaranteed Issue for Self-Employed Group of One.
Health Care Regulation: Community Rating for Small Group Market.
Health Care Regulation: Guaranteed Issue for Individual Market
Health Care Regulation: Community Rating for Individual Market.
Health Care: State High-Risk Pools.
Health Care Regulation: Number of Mandates.
Electricity Costs.
Workers' Compensation Costs.
Total Crime Rate.
Right to Work.
Number of Government Employees.
Tax Limitation States.
Internet Taxes.
Gas Tax.
Diesel Tax.
State Minimum Wage.
State Legal Liability Costs.
Regulatory Flexibility Status.
Trend in State and Local Government Spending.
Per Capita State and Local Government Spending.

Protecting Private Property.
Highway Cost Efficiency.
Paid Family Leave.

COMMERCIAL TRAILER NET ORDERS STRONGER IN OCTOBER

Net orders for commercial trailers in October increased 80 percent from September and 124 percent from a depressed October 2008, according to ACT Research Co. (ACT). In the latest release of State of the Industry: U.S. Trailers, ACT indicated that six of nine trailer types showed sequential gains in new orders, led by a 155 percent gain in dry van net orders. With strong net orders and only a slight increase in build, backlogs increased 2,500 units. However, backlog to build ratio stood at 3.9 months, below the level that can support increasing production rates.

ONLINE BUZZ – WEEKLY DIGEST OF THE MOST POPULAR AND INFLUENTIAL AUTOMOTIVE LINKS

Ford's Remote Start Option Could Reduce Emissions 75%:

http://green.autoblog.com/2009/12/03/ford-new-remote-start-option-will-reduce-harmful-emissions-by-u/

2030: Designers Create Future Cars Geared Towards Teens:

http://www.popularmechanics.com/automotive/new_cars/4338711.html

Leaked: Honda CR-Z Production Brochure:

http://www.vtec.net/news/news-item?news_item_id=866814

Renault Pondering a Return to USA:

http://www.autoblog.com/2009/12/10/wsj-renault-pondering-return-to-north-america/

Next Generation Nissan GT-R Could Be Hybrid:

http://www.4wheelsnews.com/breaking-news-next-generation-nissan-gt-r-will-go-hybrid/

Sport Compact Stock Car Racing?

http://www.iscarsonline.com/viewnews.asp?News_ID=8463

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