

Automakers boost Net action as new studies cast doubt on effectiveness



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Detroit automakers are wondering what to make of a new study that tosses cold water on the prospects of car sales over the Internet.

In fact, the study by the Intelligence Unit of the Economist newspaper says the Net's potential to revolutionize car retailing has been greatly exaggerated.

The projections were that 60 percent of car sales would be over the Internet by 2006. In reality, the report shows people using the Internet to gather information and intelligence on prices, but to conclude the deal, they are still searching for the reassurance of that traditional handshake you can't find over the Internet.

Although Internet car retailing Web sites have proliferated, most are now struggling to grow fast enough to survive. Automotive researcher J.D. Power estimates only about 4 percent of deals in the U.S. last year were done entirely over the Internet, although about 40 percent of prospective customers used on-

line computers to trawl for intelligence.

Still, the automakers are a long way from giving up.

In a major Internet move sure to be copied by rival carmakers, General Motors Corp. is launching the automobile industry's biggest Internet promotion to date. It's a plan that offers major discounts on cars and trucks through targeted coupons to consumers based on the information they enter through Web sites.

The discounts are substantial, as much as \$750 per vehicle.

And the coupons are in addition to national and regional programs GM already has in place. GM has been moving aggressively to embrace the Internet for a year now, and this advertising effort underscores its confidence in the medium.

Because the coupons can be instantly adjusted to meet demand, the automaker believes it will be able to respond quicker than with traditional incentives. The Web promotion will also include prize giveaways and enticements for consumers to take test drives at dealerships.

Expect Ford to be next on the Net discount bandwagon. They've supposedly been planning a similar promotion and insiders tell me some execs are miffed that GM beat them to the Net with this one.

Internet disappointment

While the big corporations are still optimistic about the Net, small businesses are starting to reassess their Internet spending. About 70 percent of all the small businesses in America now have Internet access and almost 38 percent have their own Web sites.

But according to the 19th annual Dun & Bradstreet Small Business survey, more than half said the Internet had "no impact" on their businesses. In fact, many small businesses say they are actually using the Net less.

The percentage of companies that sold or marketed goods online actually dropped from 29 percent in 1998 to 28 percent last year. Revenues from online sales also dropped from 12 percent of total sales to 8 percent.

There was a drop in the numbers using the Internet for both business and personal research. Some 58 percent of the respondents said they carried out business research online in 1999, down from 71 percent in 1998. The figure for personal research was 60 percent, down from 64 percent.

The one encouraging sign is the increase in business-to-business use. The percentage of small businesses purchasing

online increased from 88 percent to 43 percent.

Palm Pilot problems

If you're using a color Palm IIIc handheld, take a look at the back case. Notice any hairline cracks? I did. I called Palm tech support and they sent me out a replacement unit overnight. Palm admits receiving numerous complaints about the tiny cracks. While they do not affect the unit's performance, the defect is being taken seriously. The company is immediately replacing the \$449 units.

There's not such an easy fix in store for the Hewlett-Packard \$500 Jornada Pocket PC handheld. It only displays 4,096 colors, instead of the 65,000-plus colors promised by HP. The reason is a manufacturing defect, says HP, which is offering customers a full refund.

Till next week everyone.... 73.

Mike Wendland covers the Internet for NBC-TV *NewsChannel* stations across the country. He is the author of a series of Internet books. You can reach him through his Web site at <http://www.psmike.com> and hear him Monday through Friday at 6:25 p.m. on *NewsRadio 950 WJL*, and on *Saturdays and Sundays* from 4-6 p.m. on *TalkRadio 1270, WXYT*.

BUSINESS MARKETPLACE

Customer satisfaction

General Motors, North Central Region, recently recognized Tennyson Chevrolet Inc. of Livonia as a "Customer Satisfaction Leadership" dealer. The recognition was based on overall customer-satisfaction survey completed by dealership customers from September 1999 through March 2000.

The survey covered the following qualifiers: Purchase and Delivery, Service Satisfaction, and All Concerns Corrected in One Visit. Thirty-six GM and Chevrolet dealerships in the Detroit metropolitan area were involved in the challenge.

Tennyson Chevrolet, founded in 1955, has served the Livonia community for 45 years. Owner Kit Tennyson is president of the Livonia Chamber of Commerce and an active supporter of community groups, local schools and youth activities, including the Livonia YMCA and the Livonia Senior Center.

Excellence awards

Johnson Controls of Ply-

mouth recently received two prestigious automotive awards: General Motors Corporation's 1999 Supplier of the Year Award and Ford Motor Company's 1999 World Excellence Award in the gold category for its batteries.

This is the fifth consecutive year Johnson Controls has received the General Motors award. "Johnson Controls is one of our brightest and best suppliers," said Harold R. Kutner, group vice president, Worldwide Purchasing and North American Production Control & Logistics for General Motors. "It is an honor to have them working for us. Their contributions to General Motors' overall success are immeasurable."

Johnson Controls was one of only 11 suppliers around the world to receive the Ford Motor Co. award. "The suppliers who have earned the World Excellence Award are members of an exclusive world-class club," said Carlos Mazorin, Ford group vice president of global purchasing and South America. "This

award honors the best and it gives Ford Motor Co. the opportunity to recognize its suppliers for their successful results in 1999."

New Motorola plant

Motorola, Inc. will build a new facility in the Farmington Hills Corporate Campus in Farmington Hills that will combine all its business currently serving automotive customers in the Detroit area. The Kojalan Companies of Bloomfield Hills will develop and manage the property. Construction will begin this summer and completed by 2001.

"When this facility is fully operational, it will improve our

ability to respond to and enhance our access with original equipment manufacturers and all tiers of automotive system suppliers in the Detroit area," said Joe Guglielmi, executive vice president and president, Motorola's Integrated Electronic Systems Sector.

The three-story, 125,000 square-foot building, located on I-696 and 12 Mile Road between Halstead and Drake Roads, is expected to accommodate 500 people on a 23-acre site. The new facility, designed by Minoru Yamasaki Associates, nearly doubles the size of Motorola's existing Detroit-area locations.

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