

The Hyundai 2010 Equus will go on sale this fall in the U.S. Instead of an owner's manual it will come with an Ipad that contains an electronic version of the owner's manual.



Hyundai on the Way to the Top

Equus steers automaker into the luxury lane

Hyundai first came to America in 1986 with the subcompact Excel and was an instant success, selling 100,000 vehicles in the first 7 months. Unfortunately, the poor durability and reliability of that first Excel nipped its success in the bud. Sales tanked. Rather than abandon the American market in the '90s, Hyundai chose to invest heavily in new product designs and improvements in overall quality and reliability.

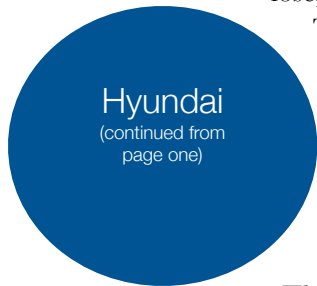
John Krafcik, CEO of Hyundai explained how the automaker shed the poor quality perception of American consumers and set sales records during the recent economic downturn while other automakers were losing sales in record numbers.

Hyundai's global philosophy hinges on three concepts: Diligence, Frugality and Harmony.

Diligence was what got the company out of the poor quality hole it had dug. Hyundai decided to set "stretch targets" for the company including becoming one of the top global automakers by intelligent engineering; obsessive customer focus and acceptance of the need for continuous change. The J.D. Powers Initial Quality Survey ranked Hyundai 32 out of 37 automakers in 2001. In 2004, the IQS ranked Hyundai 7 out of 37 automakers and by 2009 Hyundai was fourth.

During the catastrophic drop in U.S. auto sales in 2009 and early 2010, Hyundai was the first to offer an incentive program for U.S. consumers which would allow them to return vehicles sold to them if

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they suffered life altering circumstances such as job lose, foreclosure, or bankruptcy. The automaker decided to keep its structure lean with a 5 person executive team (Krafcik says there are 40 at Toyota) and a low employee per unit sales ratio.

The due diligence paid off as Hyundai began to collect awards including Consumer Reports' Best Value for the Elantra SE, Best Value Midsize SUV for the Santa Fe, Most Overlooked Car for the Azera, and Best Overall Safety for the Genesis, which also was tagged the Best North American Car of the Year in 2009. Hyundai began eating away at the residual value charts outdoing Honda, Toyota and Lexus.

With its Blue Drive program, Hyundai is outpacing Toyota and VW for the mpg crown at 31 mpg for 2009. The 2011 Sonata, Hyundai's first Hybrid Electric is projected to achieve 37/39 city/highway mpg with a 2.4L GDI 4-cylinder engine that performs like a V6. It will employ for the first time a lithium-polymer battery developed by LG Chemicals which can run for 62 miles without resorting to gasoline.

Keeping the momentum of its market growth going (retail sales are up 51% YTD vs. 2009), Hyundai is launching 7 new models in the next 24 months, including the Equus (\$50,000 to \$60,000) which will come to the U.S. this fall. The Equus comes with an Apple iPad that serves as the owner's manual and puts the owner in direct contact with the dealership to schedule maintenance and loaner cars--an industry first. "Who reads a 300-page manual anyway?" asked John Krafcik. "Instead, they'll have a gorgeous color touch screen loaded with the manual electronically, as well as photos of the whole Hyundai lineup."

Other luxury features include rear-seat footrest, rain-repellent window glass, power sun shades and massage systems built into the driver's and rear seats.

Hyundai dealers are going to pamper the customer with free at-home pickup of the car for servicing and a free loaner Equus. Interested buyers can have the car brought to their home with an on-site walk around. If the customer buys the car, a

salesperson will come back to discuss the car's performance.

The leap to luxury will be a leap for dealerships, which will be expected to create a dedicated space for Equus that could run from \$30,000 to \$75,000.

The upgrade to Equus is hoped to lead to a general upgrade in customer service across the brand.



**John Krafcik
President, CEO
Hyundai Motor
Company**

**WAPA June Meeting
David Strickland, NHTSA
Wednesday • June 16 • Noon
National Press Club**

NHTSA Administrator David Strickland will discuss recalls, distracted driving, and other safety issues at the meeting. Strickland held his position at NHTSA during the Toyota recalls. Prior to his appointment at NHTSA, Strickland served as a senior advisor on the staff of the U.S. Senate Committee on Commerce, Science, and Transportation. As the Senior Counsel for the Consumer Protection Subcommittee, he was the lead staff person for the oversight of NHTSA, the Federal Trade Commission, and the Consumer Product Safety Commission. He also served as the lead Senate staff person in the formulation of the CAFE reforms and standards included in the Energy Independence and Security Act of 2007.

At the Commerce Committee, Strickland worked to include the electronic stability control mandate for every passenger vehicle. He also advised Congressional members on safety reforms and funding increases for NHTSA's seat-belt and drunk-driving grant programs.

For reservations go to: washautopress.org.



WAPA Grapevine....

Drivers Beware! The Wall Street Journal reports that Maryland, Virginia, the District of Columbia and Pennsylvania are going all out to ticket "aggressive drivers" this summer. "Under a program called "Smooth Operator," police in Maryland, Virginia and the District of Columbia will conduct week-long blitzes this summer, ticketing motorists who indulge in "aggressive driving." And the fine is a hefty one. In Maryland, for example, getting written up can cost a driver up to \$500. Last year Maryland wrote 207,000 tickets for aggressive driving. In 2008 Maryland linked 6 percent of all crashes to aggressive driving.

WAPA Will Be Blogging: The Association will be introducing a new blog maintained by Phil Giorgianni, which will carry news briefs and, with help from the membership, links to stories written by WAPA journalists. If you have a story you want to be mentioned on the blog, contact Phil at pgiorgianni@gmail.com. When all the planning is complete, we'll let you know how to find our blog. The blog will be on our Web Site and on our Facebook page.

Cars Not a Big Deal to Teens: Following up on a story in Advertising Age that suggested the digital age is killing young people's interest in cars, John McCormick of the Detroit News, said: "Today's youths have a great many more other things to draw their attention besides cars, especially compared to the baby boom generation. I asked my 18-year-old daughter, what's the first thing you look for in a car? Her answer: "A place to plug in my iPod? Oh, and I want good gas mileage."

I remember thinking how neat it would be to have a V-8 rather than a V-6 engine, plus a five-speed manual. Today, I believe the subject of engines and transmissions barely crosses a teenage driver's mind.

One theory on why teenagers are less interested in automobiles holds that in this digital era, staying connected and communicating, by texting rather than voice, is all important and is difficult to do -- legally at least -- while driving.

My generation wanted a car in order to meet up with friends and talk face to face. We didn't have smart phones -- or any kind of mobile phone,

for that matter -- so the car was our communication device.

Today a smart phone and a Facebook page make that communication possible in a different, but much more flexible and expansive fashion. Consequently, for tomorrow's younger consumer, the car may eventually become more of an option than a necessity." For the full story go to: <http://detnews.com/article/20100610/OPINION03/6100458/1148/auto01/Cars-losing-connection-to-today-s-youngsters#ixzz0qU6ZJqWN>

Rick Wagoner, Jr. is coming to Washington. The former CEO of General Motors was elected to the Washington Post Co.'s board of directors. According to Post Company Chairman Donald E. Graham, "Rick ran one of the biggest advertisers in the world; GM was a very large-scale buyer of advertising," Post Co. Chairman Donald E. Graham said Thursday. Kaplan education company is also owned by the Post and provides more than half the company's profits. "Kaplan is becoming more of an international company, and Rick has managed companies around the world. He also has quite an extensive financial background, and that's also very valued." Wagoner will make \$70,000 a year as a director.

President's Message

Dear WAPA members,

I hope to see you at the June 16 meeting, when David Strickland, NHTSA administrator, details the agency's latest initiatives and takes questions — any questions (no guarantee he'll answer them all). Thanks to John Krafcik, CEO of Hyundai Motor America, and Phil Leinert, who hosted the May meeting at the JW Marriott. Krafcik gave a fascinating Power Point presentation on Hyundai's history and future plans (see accompanying story in the newsletter to see how to get a free iPad).

We are finalizing plans for the remainder of the year and starting to plan the WAPA Rally in October. Another development to watch: a new WAPA blog. We hope to launch that soon, and spotlight articles, broadcast pieces and other blogs by WAPA members.

As always, if you have suggestions, questions or concerns, email me at msolheim@kiplinger.com.

Mark Solheim

2010 WAPA President



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2010 WAPA

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