

Automotive News

Ford finalizes Auto Collection sale

Mary Connelly

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Ford Motor Co. this week will close the book on its failed Auto Collection retailing strategy, selling its last company-owned store to an independent dealer.

The sale of Murray Ford in Salt Lake City to dealer Tom LaPointe will complete Ford's 10-month divestiture of company-owned dealerships in five U.S. markets. The sale represents the final move in Ford's aborted plan to invest with dealers and consolidate retail markets nationwide.

In four of the five markets Ford is leaving, the stores have been returned to independent retailers. In some cases, dealers are regaining family stores sold to Ford. The UnitedAuto Group in Detroit bought the eight-store Tulsa, Okla., Auto Collection in July.

"We're done," said Ford spokesman Paul Wood. "We announced the divestiture plan in July 2001. We did what we said we were going to do. With the exception of Tulsa, all the stores have been sold to independent dealers."

In 1997, Ford shocked the industry by saying it would invest with dealers to consolidate markets, selling and servicing Ford, Lincoln, Mercury and Mazda vehicles through centralized corporations.

Ford dealers fumed, fearing competition with factory-owned stores and resenting the company's intrusion into retailing. By December 1999, Ford abandoned the strategy. But dealer resentment lingers.

The Auto Collections have been a costly mistake for Ford, said Jerry Reynolds, who fought the strategy as chairman of the Ford Division National Dealer Council. Last week, Reynolds, owner of Prestige Ford in Garland, Texas, acquired Edmond Ford, one of the six dealerships in the dismantled Oklahoma City Auto Collection.

"The store I bought sold 50 new vehicles in February," Reynolds said. "Prior to the (Auto Collection) consolidation, the store sold 200 to 300 new vehicles a month." In Oklahoma City, Ford lost sales leadership to Chevrolet after the institution of the Auto Collection, Reynolds said.

Yukon Ford in Oklahoma City, owned by Joe Cooper, is the only store reverting to its original owner, Wood said.

Ford declined comment on the financial terms of the deals. Dealers and dealership brokers have said Ford paid a premium to acquire financially sound stores for the Auto Collection and now is unloading weak performers in a buyer's market.

Ford's largest consolidation was in Salt Lake City. When the venture began in November 1998, it operated 14 franchises at 12 locations that had independently employed 1,000 people generating \$600 million in annual sales. Duff Willey, former CEO of the venture, is a third-generation Utah dealer who has regained the store held by his family for more than half a century.

Six of the eight stores in the Rochester, N.Y., Auto Collection were sold to independent dealers in October 2001, Ford said. Dealers picked up the two remaining Rochester stores last month. The San Diego Auto Collection was sold to dealer Ed Witt last year.

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