

Power survey says single dealers will lose to auto malls

By Kristine Sтивен Breese
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — Just as it did with hot tubs and drive-ins, California is leading a national trend toward auto malls, says an automotive consulting firm.

"Any dealer standing alone today is vulnerable," said Bob Fitzharris, automotive consultant at J.D. Power and Associates and director of the firm's 1991 Auto Mall Study.

"Our data show that 60 percent of those dealers not in an auto mall or auto cluster will fail in the next 10 to 15 years," Fitzharris said.

The study involved more than 2,000 interviews with dealers, manufacturers, developers and

municipalities over 2½ years.

The study projects that 20 percent of new-vehicle sales will come from auto malls by the beginning of the next century, up from 5 percent now. It said the number of malls nationally would rise from 122 today to 350 by 2005 as the mall concept moves east from its stronghold in California, which has more than 40 malls.

Dave Conant is a convert to the mall cause. "I functioned outside of a mall most of my life, but this is great," said Conant, general manager of Norm Reeves Honda Superstore, an anchor tenant at the Cerritos Auto Square in Cerritos, Calif. The store is the nation's leading Honda retailer, the center

is the nation's largest volume mall. Peter Pohlmann, president of Lujack Auto Plaza in Davenport, Iowa, said the auto mall concept brings "all positives, no negatives." He admits that it may be easier for him to say that than others. He owns all eight stores in the cluster, and is adding Lexus and Saturn.

"There are real estate issues and issues of coordinating multiple owners at a single location that can be difficult," he suggested.

Real estate issues strongly influence George Gorno, president of the stand-alone Gorno Ford store in Woodhaven, Mich.


His substantial investment in his current facility would preclude him from jumping to a mall.

"It's great if you can get in from the ground floor," he said, but for dealers in established, crowded markets, it's easier said than done. "The malls are going to draw the big fish," said Jeff Rome, director share expenses."

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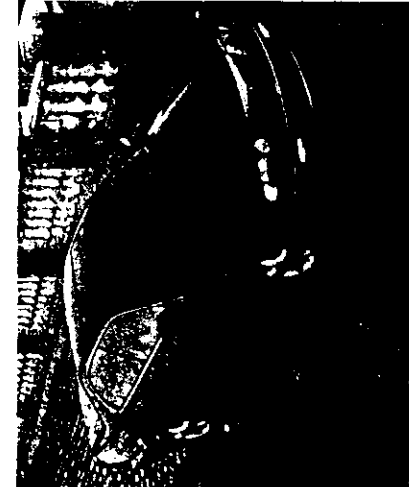
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