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A Meeting of Automotive Minds



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Jumpstart Automotive Media reports from Las Vegas to present highlights from the JD Power Automotive Roundtable.

The JD Power Automotive Roundtable is a must-attend for senior executives from all the U.S. car manufacturers and top dealer groups. There are more than three hundred senior executives represented.

The morning session on Friday February 2nd included candid commentary from some of the industry's brightest: Stephen Grisky, former automotive analyst at Morgan Stanley and current president of Centerbridge Industrial partners; Gary Dilts, former senior exec at Daimler Chrysler and current SVP of automotive for JD Power and Associates; Dave Schembri, former VP of sales and marketing for Mercedes and current president of smart USA and Troy Clarke, president of General Motors North America.

Obviously, the automotive industry is facing serious, and unprecedented, challenges. Today's speakers and Q&A interviews took a refreshingly candid look at the problems and, most importantly, the specific action plan for making improvements.

For those of us who work on the marketing side of automotive, specifically digital, it's vital that we remember to take the broad view of our industry and the major challenges and trends that impact it.

Relevant highlights of the presentations included:

- Healthcare and supply chain issues are pushing the domestic brands to a cost structure that makes it very difficult to compete with their import peers.
- Overproduction is breaking the backs of dealers, as new vehicles are sitting on lots on average 80 to 90 days (20 to 40 percent longer than five years ago).
- The question of whether there are too many dealers -- and what can be done to address it -- was heavily debated.
- Incentives and fleet continue to artificially prop up domestic market share.
- Concerns about the environment, gas prices and dependencies on foreign oil are changing consumers' buying habits-today.
- There is a great need to overcome consumer confusion caused by the proliferation or over-saturation of model choices-- there are currently 331 models in the market place, with 60 new models launching in 2006 alone.
- Another issue in the back of our minds is the "China" factor. No one really knows how the Chinese entering the U.S. market will actually impact the domestic brands-- or the Japanese and Korean import brands, for that matter.
- Consumers' consumption of media has changed, and will continue to change, creating new complexities and challenges to marketing and sales.

- The internet is playing a vital and strategic role in creating effective and efficient sales and marketing; dealers are adopting internet marketing tactics, going far beyond leads and using search and display; and all of the OEMs continue to look to third-party automotive sites in order to reach a serious car shopping audience.

The major message is that the automotive industry is facing truly unprecedented challenges on multiple fronts. But with a major autos market worth more than \$700 billion, new business models and consumer value propositions will be emerging, and soon.

Problems always equal opportunity, and we as marketers can only make significant improvements if we understand all of the issues facing our clients and our industry. Automotive is filled with smart, passionate and innovative people on all sides of the supply, manufacturing and retailing equation. And those companies that face these challenges head on, and with new and creative solutions, will emerge as winners.

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