



Tuesday » October
21 » 2008

Cross-border auto sales drying up

'We miss the Canadians,' dealer says; Slumping loonie and warranty restrictions halt the flow of buyers to showrooms in U.S.

The Gazette

Tuesday, October 21, 2008

Over Canadian Thanksgiving this month, Quebecers were a common sight at the newly opened Target store in Plattsburgh, N.Y. But few shoppers bothered to stop by Brian McBride's nearby auto dealership.

"It was so quiet, we could here the crickets chirping," lamented McBride, whose family-run dealership sells Subaru and General Motors vehicles.

"We miss the Canadians. We would like to see them back in our showroom."

In 2007, McBride and other northern U.S. dealers were overwhelmed by cross-border shoppers on the weekend when Canadians celebrate Thanksgiving and Americans celebrate Columbus Day.

With the loonie at par with the U.S. dollar and with higher sticker prices on many Canadian car models, McBride received 15 to 30 inquiries a day that weekend from Canadians.

During one month last winter, McBride sold 47 Subarus to Canadians. Usually, he sells 15 Subarus during a good month.

But with the loonie slumping yesterday to under 84 cents U.S., McBride expects cross-border traffic to dry up further at a time when the U.S. auto industry is reporting its lowest monthly sales in the last 15 years. By contrast, there has been slight growth in Canada.

Auto sales this year to Sept. 30 were up 1.4 per cent from a year earlier. In Quebec, sales are up 7.3 per cent from a year earlier, a report by analyst Dennis DesRosiers said.

McBride's sales dropped off since the spring as automakers made it more difficult for Canadian customers to benefit from warranties, or rebates on U.S.-bought models.

"It was like a light switch had been flipped off. The traffic dropped to just a trickle," he said.

"Now the currency is ... going to stop the traffic altogether."

Even the most ardent supporters of cross-border shopping say it's not really worth car shopping in the U.S., apart from the purchase of higher-end luxury cars.

"It's not a slam dunk anymore," said Kirkland resident Robert Lamb, who became a cross-border consumer advocate after saving \$5,500 on a U.S. bought Honda Civic.

"You have to do your due diligence."

In Vermont, auto salesman John Kimel says he still gets a steady flow of calls from Canada. But the loonie's depreciation has deterred several shoppers from buying his dealership's Acura, Audi and Volkswagen models.

"We have definitely had a few calls from people who were ready to do business two weeks ago," said Kimel, of Lewis Motors. "But now the difference (in price) is becoming smaller ... so we are hearing from some prospective customers that it's not as worthwhile."

However, Kimel said there are still vast gaps between the prices of higher-end cars in the U.S. and on Canadian models. While Kimel can sell pre-owned vehicles to Canadians, he can only sell new cars to buyers who have promised to register them in the United States.

© The Gazette (Montreal) 2008

CLOSE WINDOW

Copyright © 2008 CanWest Interactive, a division of [CanWest MediaWorks Publications, Inc.](#) All rights reserved.
CanWest Interactive, a division of [CanWest MediaWorks Publications, Inc.](#) All rights reserved.

This document was created with Win2PDF available at <http://www.win2pdf.com>.
The unregistered version of Win2PDF is for evaluation or non-commercial use only.
This page will not be added after purchasing Win2PDF.