

Dealers cite different reasons for car price hikes

By Lori Merryman

Increases in auto prices occur for various reasons, according to several Lincoln car dealers.

Gates Minnick, owner of Du Teau Chevrolet Co., 18th and O Streets, said regulations set by the federal government and the Department of Transportation cause the majority of price increases.

These regulations, Minnick said, include safety and emission controls. Coupled with the inflationary trend of the country, the price of automobiles is raised, he said.

"The federal government and the Department of Transportation have done more in the past 10 years to raise the price of automobiles than any other factor," Minnick said.

"We might have cars that run more than 10 miles per gallon but don't because of emission controls," he added.

Minnick said environmental needs in Nebraska are far less than those in California or New York. Because of this, he said, "we are all paying the tab for it."

Inventory

Guy Dean, owner of Dean's Ford Inc., listed an entirely different reason for fluctuating trends in car prices. Dean agreed that federal regulations are stringent, but said dealers' inventory is what really makes the difference.

If the dealer lowers his inventory, there should be no rise in car costs, Dean said.

He said the average interest rate for dealers borrowing capital for car purchases (in Lincoln) is 18 percent. With this in mind, it is understandable how a dealer can keep his prices down, he said.

It does not hurt a dealer to order half the inventory, Dean said, because one usually does not sell more than that anyway. He said the number of cars sold remains the same, but by ordering less when the cost of materials is increasing, the dealers can keep car prices down.

Whether or not the dealer will handle his inventory this way depends on the consumer, Dean added.

"A lot of people are too particular, so the dealers want a large stock," he said. Sometimes the color or fabric of the car interior will make the difference between a sale or no sale, he added.

Bill Lis, sales manager for Park Place Pontiac, Cadillac and GMC said he agrees that lowering inventory can keep prices down, but with large operations it is very hard to do.

Lis also said that certain car models increase in price considerably, while in some instances it is possible for a car price to decrease. "It all goes back to the cost of manufacturing that car," Lis said.

Several factors

"The factors involved in car prices can't be any different than the factors that create any increase in any other product in our country," he said.

Lis said that some new models require additional plants, presses and new dye which increases their cost. In contrast, last year the Bonneville decreased in price, he said. The cost of the plant presses and dyes are paid for year after year. In the case of the Bonneville, these were all paid for, so when the engine reduced in size, so did the price, he explained.

Allen Young, owner of Allen Young Buick, said he feels the basic reason for price increases is the wholesale price of the car. Whatever kind of increase occurs, such as labor, materials, etc., Young said, will definitely reach the consumer.

Tire purchasing is a matter of money

By Jim Faddis

A tire shopper has a wide selection of tires to choose from—radial, bias-ply or belted bias-ply—and can get as good a tire as he wants to pay for, three tire store employees said.

Radials are the best tires, but also are the most expensive, according to John O'Rourke, manager of Capital Tire Store, 2400 O St.

O'Rourke said radials give better traction, are stronger and get better gas mileage than other tires. Gas mileage is better with radials because they run cooler than other tires, he said.

"On a radial, the heat escapes through the side of the tire so there is less friction between the tire and the road," O'Rourke said.

Garland Going, assistant manager of Goodyear Tire Store, 1918 O St., said radials give 5 percent better gas mileage than other tires and will also last for about 10,000 miles more than belted bias-ply tires.

Steve White, assistant manager of Firestone Tire Store, 1139 N St., said radials cost between \$50 and \$110 depending on the size of tire needed. Belted bias-ply cost between \$40 and \$80 and bias-ply between \$30 and \$60.

Bias-ply and belted bias-ply tires are similar in that both are made of polyester cords, but belted bias-ply also have a fiber glass belt that makes them stronger and more durable, Going said.

Most new cars come with radials, and in the future almost all tires will be radials, White said.

"In the future 90 percent of replacement tires will be radials," White said. "Many people are getting radials because some can be used all year."

Goodyear is developing an elliptical tire that will have a higher air pressure and give better gas mileage than other tires, Going said, but has run into problems because the tires now required special rims.

Customizing . . .

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Painting an intermediate-size car at D and D Body and Paint, 6100 N. 56th St., would also cost about \$350. Dennis Dillon, partner, said that price estimate would be without any other body work.

People aren't spending money on their cars unless necessary because of the costs, Dillon said.

Tom Toogood, owner of AutoMotion Inc., 8100 W. O St., said one reason for the decline in customizing is that new model cars aren't modified as easily. People also are more aware of the trade in value of their cars and hence avoid customizing.

Toogood said he estimated the cost of painting a car at \$450, which would include all other necessary work.

Steve Roberts, part-owner of Paint'ng Place, 3510 N. 39th St., said he estimated the cost of painting at about \$600. In comparison, the low in prices was quoted by

Maaco Auto Painting, 2025 M St., at \$99.95. Stephanie Edens, bookkeeper, said prices go up from that price.

She said Maaco can cut costs because it has a factory oven like those at Ford or General Motors. This enables cars to dry in 45 minutes.

Edens said about one-third of the cars that come in are to be customized.

There has also been a decline in customizing for vans although business remains good, according to Beverly Panko, bookkeeper at The Van House, 1801 Cushman Drive.

Panko said that murals on vans are not as popular as they once were because of expense. Insurance companies also are hesitant about van murals because, if involved in an accident, it is expensive to replace murals.



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