

Dealer drops Chevy from Capitola lot

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Auto Plaza - Capitola
CAPITOLA — Bowing to the demands of the marketplace, longtime car dealer Steve John said goodbye to the Chevrolet line Wednesday to make room for more Hondas.



JOHN
Dealership owner says imports account for 70 to 80 percent of county car sales

John, 43, who had the Chevy franchise for 22 years and added Honda 16 years ago, described the change as an economic decision made in response to customer preferences.

"We've increased Honda sales every year," he said. "The Santa Cruz Chevy has never done very well."

Dropping the Chevy line will allow him to put 300 Hondas on his 3.2-acre site, with a "deeper" selection than is available now.

The decision to downsize from two Chevy dealerships in the county to one comes at a time when the U.S. auto industry is in deep financial trouble.

GM, the Chevy manufacturer and world's largest automaker, lost \$11 billion in 2005 and hasn't issued its 2006 results because of accounting problems. Ford, which

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lost \$13 billion last year, has laid off thousands of workers.

John's dealership, honored by the Santa Cruz Chamber of Commerce as 2005 business of the year, sells 100-plus cars a month.

It used to be that imports comprised some 60 percent of sales in the county; now it's 70 to 80 percent, according to John. Buyers are environmentally conscious and gas-conscious, and Honda's gas-electric hybrids, which get 49 miles per gallon in the city, sell quickly.

"With higher gas prices, people are looking for fuel economy," said Charles Harper, who works in the sales department.

"Hondas appeal to families with kids and the college age," added sales representative Preston Weber, who said he drives a 1989 Honda Accord with 200,000 miles on it.

The popular Chevy Suburban gets 15 mpg in the city and 20 mpg on the highway; the Honda CR-V gets 22 mpg in the city and 28 mpg on the highway.

Barry Kirschen, who has been teaching auto mechanics to local high school students for 26 years, doesn't think people are giving up on American cars.

"There are many folks who want to buy American," he said. "It would be a shame if we didn't have a local Chevy dealership."

At the same time, he acknowledged that Ford and GM haven't kept up with imports in terms of

customer satisfaction. Import car-makers have done a better job of taking care of problems when they arise, he said, rather than telling customers, "It's your problem."

John plans to remodel the dealership to conform with the Honda image campaign.

"We proposed it to Capitola three years ago," he said. "The look is dramatically different."

The switch also means changes in the service department.

"We get 70 cars a day, and it takes a day to get cars serviced," John said.

By converting repair space that was dedicated to Chevy, customers will get faster turnaround when they come in for service, he said.

Santa Cruz resident Randy Turner, who drives a Chevy truck, was surprised at the news. He thought the dealership would build a new showroom for Chevy on Soquel Drive. Those plans have been shelved.

"It would have a difficult time making the overhead," John said. "Honda is a huge part of the economy, Chevy is not."

Bill Hija, general manager of Watsonville's Century Chevrolet, didn't see it that way.

He said he's excited about taking over Ocean's Chevy territory in the northern part of the county. Century, which is part of the Harry Marx group in Los Banos, moved from Gilroy three years ago to Watsonville's Auto Center Drive.

"We've doubled business at this location," Hija said, adding that he has nearly 200 Chevrolets in stock. "There's no reason to drive



Dan Coyro/Sentinel

The letters spelling out Chevrolet come down Thursday morning as Ocean Chevrolet-Honda in Capitola became Ocean Honda.

the hill."

With the expansion, the dealership will have five to 10 job openings, he said. It currently employs 35 people.

"The majority of our business is trucks," Hija said, adding that GM offers several fuel-efficient cars that get more than 35 miles per gallon, like the Cobalt and the Aveo.

Century is one of seven dealerships participating in a streetscape improvement project funded by Watsonville's Redevelopment Agency. New sidewalks, crosswalks and signage are planned. The improvements are aimed at making the street more attractive to car buyers. The work is slated to be completed in about a year.

A Honda fan, John has driven the Ridgeline pickup since it came out three years ago. His wife

drives the SUV Pilot, which gets 22 mpg and has the highest government crash rating.

Still, because of his ties to Chevy, the decision wasn't easy. When he took over Ocean Chevrolet at 21, he was the youngest Chevy dealer in the country.

"I was weaned on Chevy in 1979," he said.

A native of Michigan, home to GM and Ford, he started out as a rustproofing and a parts specialist. GM was the biggest account for his dad's advertising agency.

Since the auto industry downturn, John has had friends leave Michigan to look for work. He said he wishes GM well.

"I hope they're going to make it," he said.

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