

Wealthy car shoppers redefining their idea of luxury

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Hyundai's top model, the Genesis, sells for \$5,000 to \$25,000 less than premium-brand cars and has seen an increase in sales.

This holiday season, the luxury car buyer is offering a simple phrase: I'm not spending too much.

Wealthier shoppers are trickling back into showrooms after staying away much of the year. But there's a catch. Many are pinching pennies, sort of, by choosing smaller BMW and Mercedes models, or they're buying top-of-the-line cars from cheaper brands.

This year, almost 14 percent of luxury buyers replaced old vehicles with brands other than traditional high-end names such as Audi, BMW, Cadillac, Infiniti, Jaguar, Lexus, Lincoln, Mercedes and Porsche. That's up from just 4 percent in 2006 and a reminder that these buyers still don't feel as wealthy as they once did. Home values are still down and portfolios shrunken, despite the stock market's gains this year.

Two potential beneficiaries of the shift are Buick and Hyundai, brands offering luxury models that are much cheaper than Beamers and Audis.

Buick for years was known for cushy, boring sedans normally found outside grandma's house. The average Buick buyer is still about 70 years old, and the brand is desperately trying to attract younger drivers and reverse a sales slide, says Aaron Bragman, an auto industry analyst with Global Insight in Troy, Mich.

This may be its opportunity.

After years of ho-hum styling, blase interiors and soft suspensions that made driving a chore, Buick's new LaCrosse luxury sedan is far sportier than its predecessor.

It's got crisper handling and sleeker styling designed to appeal to people in their 40s and 50s. It also includes on-board hard drives and other electronic gizmos for younger drivers, all while costing \$5,000 to \$20,000 less than European and Japanese luxury competitors.

At \$27,000, Buick's German-designed LaCrosse performs as well as its more expensive competitors, yet has everything luxury buyers are seeking, Bragman says.

That's important because luxury shoppers are picky, even when they economize.

Another winner is Hyundai's Genesis, which has received stellar reviews for its luxury and handling but can cost \$15,000 to \$25,000 less than higher-end cars.

Joan Sher, a Fort Lauderdale real estate agent, switched over last month when she gave up her Mercedes GL450 sport utility vehicle for a loaded Genesis.

Replacing the Mercedes would have cost more than \$60,000, so Sher opted for value and spent \$44,000 on the Hyundai.

"It's more affordable but at the same time a very comfortable car," she says.

Buying a cheaper car brand is one way to save money. Another is trimming size.

Rick Case, who owns a chain of dealerships including Acura and Audi in Georgia, Ohio and Florida, says many shoppers want smaller, less-flashy cars.

At his Acura dealerships, the \$30,000 TSX compact sedan became his top-seller this year, displacing the TL midsize at \$35,000. The trend is not just at his dealerships: Nationally, sales of the compact soared 24 percent in November, while the midsize plunged 35 percent.

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