

"Confidential"



"Conditional Pricing Practices, Project No. P141200"

Federal Trade Commission
Office of the Secretary
600 Pennsylvania Avenue, NW, Room CC-5610 (Annex O)
Washington, DC 20580

In response to request for comments, this is to provide specific comments on two areas:

1. Television new truck advertising consistently hypes "value savings of \$X,XXX" with little or no disclaimers. These savings may relate to stacked incentives, APR savings (difference between current retail rate and subvented APR incentive) and "Value Package" discounts. Confusing to consumers and finding information on manufacturer/dealer websites is often difficult/impossible.
2. It is common for manufacturers to bundle groups of options into packages and offer discounts. These options may or may not be available as single options for purchase. By packaging these options, the MSRP may be inflated to offer higher discount. In the case of Toyota, where there exists Toyota regional pricing, Gulf States Toyota pricing and Southeast Toyota pricing, this inflated MSRP by the regional distributors may be targeted to offer additional customer incentives. This is confusing in areas where ads overlap regional boundaries. See the examples of the variable pricing/content below:

2014 Chevrolet Silverado Texas Edition

Chevrolet just announced the Texas Edition package for the 2014 Silverado a few days ago, in commemoration and recognition of the state's importance to the Silverado's overall sales and full-size truck sales in general. The package, which costs slightly more than \$2,000, consists mostly of styling upgrades in the form of 20-inch wheels and body color or chrome mirror caps and door handles, depending on the selection of the LT or upscale LTZ.

The package price doesn't seem too exorbitant, until you look at what you get in the 2014 GMC Sierra SLE Value Package for about the same price. But a direct apples-to-apples comparison is often difficult because the "special editions" sometimes consist of an extra badge tacked on to a preexisting option package.

Pricing: \$2,165

Package Content: LT - 20-inch polished aluminum wheels, trailer package, locking rear differential, body-color outside mirror caps and door handles, "Texas Edition" badges.

LTZ: LT content plus chrome mirror caps and door handles, Bose premium audio, standard 5.3-liter V-8

2014 Nissan Texas Titan Package

Like the 2014 Silverado, Nissan offers two flavors of its Texas Titan package, one on its basic SV model, and another on its Value Truck package. The basic SV package gives you 18-inch chrome-clad alloy wheels, chrome exterior mirrors and door handles, a special billet grille, and chrome step rails. The Value Truck package adds front captain's chairs (i.e., bucket seats) with a lockable console, a backup camera, an AC power outlet, trailer brake controller, rearview mirror camera, and iPod connectivity, among other items. Its \$1,810 package price seems reasonable for the amount of content included.

Pricing: \$1,295 (SV Texas Titan Package), \$1810 (SV Value Truck + Texas Titan Package)

Package Content: SV - 18-inch chrome-clad alloy wheels, chrome outside mirrors and door handles, chrome billet front grille, chrome step rails. SV Value Truck - Front captain's chairs with lockable center console, rearview mirror backup camera, AM/FM/Satellite radio with CD, foglights, Bluetooth hands-free calling, Class IV hitch receiver and seven-pin wiring harness, console-mounted 120v AC power outlet, integrated trailer brake controller, leather-wrapped steering wheel, chrome step rails, USB/iPod connectivity, rear sonar system.

2014 Toyota Tundra Texas Edition Package

Texas falls into the Gulf States region of Toyota's U.S. distribution, and this area is an independently owned franchise distributor consisting of Arkansas, Louisiana, Mississippi, Oklahoma, and Texas. As such, some vehicles sold in this territory are unique to the area and are not necessarily officially marketed through Toyota's U.S. corporate operations.

The price we found for the Texas Edition Tundra was a fairly steep \$3,995 for 20-inch accessory wheels and tires, tube steps, billet grille, chrome exhaust tip, special floor mats, and Texas Edition badging. While handsome and sporty-looking, we're not sure if the content justifies the price tag.

Pricing: \$3995

Package Content: 20-inch wheels and tires, chrome oval step tubes, chrome billet grille, 5-inch stainless steel exhaust tip, custom floor mats, Texas Edition badging.

Southeast Toyota calls their package an XP package

(includes: XP Badging, Chrome Exhaust Tip, Stealth Black Running Boards, 20" Black Gunner Wheels w/BFG Rugged Terrain Tires, (Replaces Factory Wheels & Tires). Suggested Retail \$4,999; Discount \$2,000, New MSRP \$2,999

2014 Ford F-150 Texas Edition

Ford already offers the King Ranch F-150, a premium-level package with a leather-lined interior and many other niceties at a more than \$7,000 premium over the Lariat, based on its namesake ranch in south Texas. On a tentative internet search, we found some "Texas Edition" F-150s at certain dealerships, but specific details in terms of content and pricing were hard to find.

Ford trucks communications manager Mike Levine confirmed there was indeed a "Texas Edition" F-150 which consisted primarily of exterior styling accents including a chrome bar-style grille, chrome door handles, a chrome-plated exhaust tip and chrome front tow hooks on the 4x4 models. Better yet, because it's a special discount option package, the net price works out to be just \$60! The Texas Edition package is available on XLT-trim models with the 301A option package.

Pricing: Net Price: \$60 (301A Package: \$1,310 minus \$1,250 discount).

Package Content: Texas Edition badge, chrome running boards, 18-inch chrome wheels, chrome bar-style grille, chrome door handles, chrome-plated exhaust tip, chrome front town hooks (4x4 models).

2014 GMC Sierra Texas SLE Value Package

Although the 2014 Chevrolet Silverado Texas Edition has stolen the headlines over the past few days, GMC has quietly rolled out its own Texas SLE Value Package for the 2014 Sierra, and based on what we can decipher from the content and pricing, it seems the better deal of the two. In addition to the obligatory badging, the Sierra also gives you a 10-way power-adjustable driver's seat, remote start, foglamps, universal garage door remote, rear window defogger, AC power outlets, and dual-zone climate control in addition to the trailer package and locking rear diff on the Silverado.

Again, it's hard to make exact apples-to-apples comparisons, since specific configurations and content vary so much between trucks. But the Sierra Texas SLE Value Package seems the better buy of the two at first glance.

Pricing: \$2,015

Package Content: Texas badging, 10-way power driver's seat with 40/20/40 front split bench, remote start, front foglamps, universal home remote, rear window defogger, tilt and telescope steering column, 110v AC power outlet, dual-zone climate control, Trailer equipment package, locking rear differential.

2014 Ram 1500 Lone Star Edition

Unlike some of the other models, the Ram Lone Star edition is actually packaged as a stand-alone trim level rather than just an option package. Its content is roughly equivalent to the Big Horn model sold in the other 49 states, but throws in the burly Hemi V-8 as an added bonus. As currently offered, the Lone Star Hemi comes with the six-speed automatic and not the new TorqueFlite8, but that may change soon as the eight-speed slowly starts becoming standard-issue across the Ram 1500 lineup. The Lone Star's \$1380 premium over a similarly configured SLT includes a Class IV receiver hitch, Chrysler's excellent Uconnect 5.0 head unit that we tested and gave our enthusiastic thumbs-up to in our recent review of the Ram 1500 Big Horn V-6, and 20-inch wheels and tires.

Pricing: \$1,380

Package Content: Lone Star badging, 5.7-liter Hemi V-8 engine, six-speed automatic transmission, Class IV Receiver Hitch, Uconnect 5.0 head unit with 5-inch touchscreen, voice control and Bluetooth hands-free calling, leather-wrapped steering wheel with audio controls, 20-inch chrome-clad aluminum wheels.

As a retired Product Training Manager for a major import brand, I cannot disclose my name/contact information for privacy/retribution reasons.