

Smart Cars set for U.S. debut

Mileage one attraction of small European autos

BY ROBERT LOERZEL

Smart Cars, the matchbox-like autos that are a regular sight on European streets, make their official U.S. debut in 2008. But those who can't wait—and are willing to pay roughly double next year's price—are getting a fix in Palatine.

Smart Car Midwest (also known as Windy City Smart Car) is one of a handful of independent U.S. stores importing the two-seat car from Europe and modifying it to meet U.S. standards, ahead of its official arrival next year.

CEO George Kiebala has wanted to bring Smart Cars to the United States since he saw them several years ago in Europe. He likes the look of the cars—built in France by Mercedes-Benz and originally designed in the 1990s with help from Swatch. He also appreciates that they get 50 to 60 miles per gallon.

"To capture a little bit of that and bring it to the U.S. is like a dream for me," he says.

Smart Car Midwest has sold 15 vehicles since they became available in May. Mr. Kiebala concedes he isn't making much money on the venture. His main businesses are Exotic Car Share, a club whose 765 members can check out sports cars, and Curvy Road, which sells fractional shares in luxury autos.

'CUTEST CAR'

Kim Burney came from her home in Erie, Pa., to Palatine for a test drive in June; a few weeks later, she

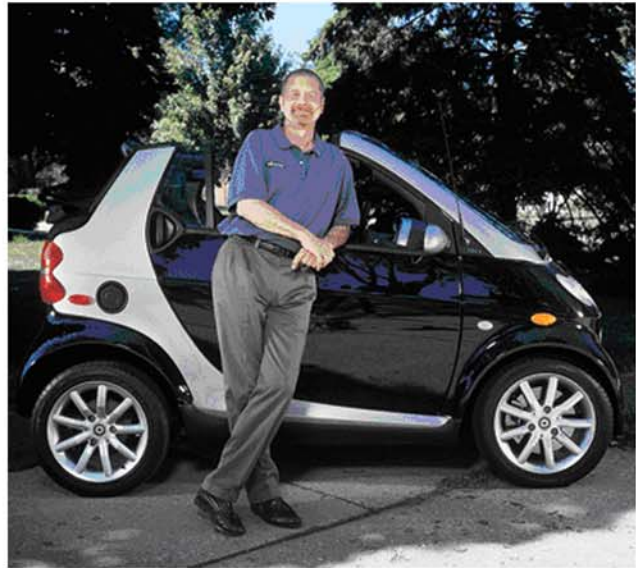
ordered a Smart Car from Mr. Kiebala. The gas mileage was one attraction, but "it's just the cutest car you've ever seen," she says.

The models that Smart USA, a wholly owned subsidiary of Penske Automotive Group, will sell next year are not exact copies of the European cars. They will still be manufactured by Mercedes' parent, DaimlerChrysler, but with Mitsubishi engines. The European-style gear shifter will be replaced by a more typical American shifter.

One big difference is price. Next year's U.S. Smart Cars will cost less than \$12,000 for a basic model and up to \$17,000 for a convertible. Smart Car Midwest is selling cars without a convertible top for \$24,900, and the convertible model for \$27,900, plus an \$850 fee to ship it to Chicago from California, where final assembly takes place.

When 50 to 75 licensed dealerships nationwide—including three to five in the Chicago area—start selling Smart Cars, the vehicles will generate buzz initially, says Tom Libby, senior director of industry analysis at J. D. Power & Associates in Troy, Mich. "It gets your attention. It hits you," he says. "Saying it's small doesn't do it justice. It's really small."

For the record, it's 5 feet tall, 5 feet wide and a few inches short of 9 feet long, easily fitting passengers 6 feet and taller. The big windshield offers a goldfish-bowl view



ANDREAS LARSSON

George Kiebala, CEO of Smart Car Midwest, has sold 15 Smart Cars since they became available in the United States in May.

of the road. The engine is in back, designed to go underneath the passengers in case of a rear collision, and the steering wheel collapses upon impact. The car is built around a reinforced steel frame, and the modified imports at Smart Car Midwest have an additional protective bar inside the doors.

Mr. Libby expects the Smart Car will appeal to only a small niche of American car owners. J. D. Power projects the Smart Car will capture 0.1% of new car sales next year, or about 15,000 sales—half what the Mini Cooper sells.

After licensed dealerships start selling the Smart Car, Mr. Kiebala plans to get out of the business of importing the cars. "We'll start doing something else that's interesting," he says.