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DriveTime opens Chattanooga location

By:

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DriveTime, a nationwide chain of 84 used car dealerships, opened its newest store in Chattanooga last week, company officials said.

The company's location on Shallowford Road next to state Highway 153 will offer customers with no credit or bad credit a choice of 60 to 75 cars at no-haggle prices, according to Lance Spotleson, national sales manager.

"The fact that people haven't paid their bills doesn't make them bad people," he said. "We're in a bad economy; things happen."

The company has about 2,000 employees nationwide and sells about 64,000 cars per year, which Spotleson said gives DriveTime some economies of scale advantages over other used car dealers.

DriveTime offers a three-year, 36,000 mile warranty on all its vehicles standard, he said, along with three years of roadside assistance. Three years of oil changes and other service also is included in each car's price, he said, up to three times per year for three years.

"We do a complete inspection process that gives the customer peace of mind" at one of the company's 13 reconditioning centers nationwide, with an average cost of around \$1,200 to get the cars ready to sell, said Spotleson. "By doing that, that's what allows us to put the warranty on the car."

Jon Ehlinger, executive vice president and general counsel, said Chattanooga fit the profile for the company's ongoing expansion across the southern United States, as DriveTime adds 10 new dealerships this year.

The company focuses on midsize markets, he said, and also is opening dealerships in Memphis and Knoxville before the end of the year.

The company briefly considered a \$200 million public stock offering this year, but withdrew it in September without providing a reason, according to financial news sources.

Carmen DeLeon, the regional human resource manager, said what makes DriveTime different from others that cater to the subprime market is how the company manages the customer experience.

"We've got a more prepared product that has gone through our inspection centers to be brought up to the level we would like it at," she said. "We understand our customers, and that's why we've included the oil changes and warranties with our cars."

The other difference, she said, is that DriveTime does all of its financing in-house, to the tune of more than \$1 billion nationwide.

"We manage that [debt], so it's not being sold off someplace," DeLeon said.

The company helps manage demand by directing potential customers to the website to browse DriveTime's selection and make an appointment.

The company employs 12 to 15 at its Chattanooga store.