



Could Hummer Be Headed for the Heap?

By Joseph R. Szczeny | Monday, Sept. 28, 2009

[Like](#) 0
 [Tweet](#)
[G+1](#) 0
 [Share](#)
[Read Later](#)

GM's Hummer division has commanded attention ever since the vehicles first appeared on American highways at the height of the sport-utility boom.

The Hummer brand, however, could be on the road to extinction if GM cannot soon finish a deal with China's Sichuan Tengzhong Heavy Industrial Machinery, the only bidder for the controversial brand. GM announced plans to spin it off while reorganizing under bankruptcy protection this past summer.

[\(See the 50 worst cars of all time.\)](#)

GM spokesman Chris Preuss acknowledges GM won't complete the sale of Hummer by the end of September as it originally planned, but it still hopes to finish the negotiations soon, he says.

The tentative plan is for GM to continue building Hummer vehicles through a transitional period. The length of the transition is one of the unresolved issues. Longer term, Hummer is hoping to replace its gas guzzlers with new models that use lighter-weight materials and advanced power trains, and maybe even hybrid vehicles. The plan is to continue building Hummers in the U.S., not in China where the prevailing wages, \$12 to \$25 per day, are significantly lower.

For now, the Hummer H3 is built at a GM plant in Shreveport, La., which is scheduled to close sometime next year, while the hulking H2 is made at a plant in Mishawaka, Ind., belonging to AM General, which also builds the Humvee for the U.S. Department of Defense.

GM staff still assigned to the Hummer continue to work at turning the cast-off brand into an independent company that could continue to sell vehicles around the world. They have lined up a \$20.4 million grant from the state of Michigan to put its headquarters in or around Detroit. The grant, however, is contingent on the completion of the deal with Tengzhong Heavy Industrial Machinery, according to Michigan state officials.

However, there are signs that the Chinese government might have reservations about the deal, observers note. Among the sticking points, China's National Development and Reform Commission has said publicly the purchase of Hummer is inconsistent with China's effort to become greener. In addition Sichuan Tengzhong has no experience building vehicles for the retail market.

Another risk: GM CEO Fritz Henderson is under pressure from GM's new board of directors to turn around the company's fortunes quickly, and he has indicated the automaker is prepared to drop Hummer if it can't finish the deal relatively soon. "If it doesn't get sold, we'll close it," says a GM official.



Scott Olson / Getty

Hummer vehicles for sale at Woodfield Hummer in Schaumburg, Ill.

[Email](#)
[Print](#)

[+ Share](#)
[Reprints](#)

Follow @TIME

[\(See the best cars from the 2009 Detroit auto show.\)](#)

GM, which was considering abandoning Hummer even before its financial meltdown, pulled its advertising in the spring and then shut down a Hummer production line in South Africa. Hummer sales have dropped 64% so far this year, more than any other brand in what overall has been a disastrous year for new-vehicle sales. In August, when sales of new vehicles got a boost from the cash-for-clunkers programs, Hummer sales continued to sink, falling 61%. In 2006, Hummer's best year, GM sold more than a 70,000 but this year it might sell only 10,000 units. "Hummer is not much of a priority for GM," says Alan Baum, a Detroit-based analyst and consultant.

Tom Webb, chief economist for Atlanta-based Manheim, one of the nation's principal used-car auctions, says "orphan" brands such as Hummer, Saturn and Saab have felt the brunt of adverse consumer reaction to the GM bankruptcy. In addition, Hummer's dealer network is in disarray and used Hummers have lost value, Webb notes.

Nevertheless, the Hummer brand has retained a certain appeal, according to a new study in the *Journal of Consumer Research* by Marius K. Luedicke from the University of Innsbruck, Austria, Craig J. Thompson of the University of Wisconsin and Markus Giesler of York University in Toronto. "Hummer drivers believe they are defending America's frontier lifestyle against anti-American critics," the study notes, adding that Hummer owners employ the ideology of American foundational myths, such as the "rugged individual," and the "boundless frontier."

Yet the study also notes that the Hummer brand has produced an intense backlash, including one Internet site where people have posted thousands of photographs of middle fingers directed at Hummer vehicles and their drivers. "I think GM's board should kill Hummer," says Dan Becker, director of the Safe Climate Campaign at the Center for Auto Safety and a Hummer critic.

Jim Hall, managing director of 2953 Analytics in Birmingham, Mich., says, "Short term, Hummer has some serious problems but they are solvable." Hummer's future, though, is probably in overseas markets such as Brazil, China, Russia, South Africa and other emerging markets where conspicuous consumption isn't going out of style, he says.

[See the most important cars of all time.](#)

[See the history of the electric car.](#)

AROUND THE WEB

Sponsored Links by 



When a Driver Found This Box in the Snow, He'd Never Have...

New Ravel



The "Golden Nucleotide" In Aging Research

Elysium Health | Elysium Health
- Scientifically Validated Supplements



Surprising Body Cues That Could Be a Heart Concern

Johns Hopkins Medicine



10 Sleep Mistakes You NEED to Stop Making

Casper



Rheumatoid Arthritis Symptoms & Treatments

Yahoo Search



Pay Off Your Credit Card Balance Faster Using This One Trick

LendingTree



7 Warning Signs for Kidney Disease

Aetna



Smart Home Tips for Living with Your Adult Children

AT&T Digital Life