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Haggerty elected CATA chairman

Bill Haggerty's fellow directors of the Chicago Automobile Trade Association voted him chairman of the board for the next 12 months, when the directors met June 18 for their monthly meeting.

The new board chairman succeeds **Tony Guido**, who becomes chairman of the 2020 Chicago Auto Show, Feb. 8-17 at McCormick Place. Haggerty will act as the show's co-chairman.

Haggerty, proprietor of Haggerty Buick-GMC (Villa Park), Haggerty Ford (West Chicago) and Jerry Haggerty

Chevrolet (Glen Ellyn) leads a board of 15 dealers.

Other board officers include Vice Chairman **Kevin Keefe** (Brilliance Honda, Crystal Lake; Brilliance Subaru, Elgin); Treasurer **JC Phelan** (Jack Phelan Chevrolet, Lyons; Jack Phelan Chrysler-Dodge-Jeep-Ram, Countryside); and **Jay Hopkins** (Hopkins Ford of Elgin). **Dave Sloan** is association president.

Two directors, **John Hennessy** (River View Ford, Oswego) and **Ray Scarpelli Jr.** (Ray Chevrolet and Ray Chrysler-Dodge-Jeep-Ram,



Bill Haggerty



Tony Guido

both in Fox Lake), retired from the board in June after service since 2011. During their tenures, Hennessy and

Scarpelli both ascended to board chairman. Guido will step down following the auto show.

Taxes, fees going up

Take note: The fee to title a car in Illinois increases to \$150 on July 1. The state's \$50 increase in first-time or renewal vehicle registration fee, to \$151, is effective Jan. 1, 2020.

Jan. 1 also is the date that dealers may charge up to \$300 for the documentary service fee as part of a vehicle sale.

The state's doubling of its tax on a gallon of gasoline, from 19 cents to 38 cents, takes effect July 1.

Latest dealer advertising infractions reviewed

What do lifetime warranties, tires, oil changes and even car washes touted in vehicle ads have in common? They all are something of value and considered by the Illinois Motor Vehicle Advertising Regulations to be gifts, and thus cannot be offered.

The infraction was one of the most common seen by the Better Business Bureau of Chicago and northern Illinois, BBB representatives said at a June seminar at the CATA. The BBB monitors dealer advertising and acts as sort

of a buffer between dealers and the Illinois attorney general's office, although that office has complete and independent authority to handle all matters as it sees fit in light of enforcement priorities and resources.

Other blunders seen: "Consult dealer for actual price" and "Price does not include destination charges." According to the regulations, only taxes, license and title fees, and the documentary service fee can be excluded from the ad-

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More prime consumers opt for used cars as subprime loses share

As the percentage of prime and super-prime used-car buyers reached an all-time high in the first quarter, the percentage of subprime loan originations fell to a record low, according to Experian's Q1 2019 State of the Automotive Finance Market Report published in June.

"The trend of more prime consumers entering the used market is one we've seen now for several quarters," said Melinda Zabritski, Experian's senior director of automotive financial solutions. She noted that high leasing rates are driving consumers with stronger credit quality to the larger inventory of late-model used vehicles.

Subprime used-car buyers, on the other hand, typically finance lower priced, older model vehicles.

The data showed that 62 percent of prime consumers and 45 percent of super-prime shoppers bought used vehicles in the first quarter. The average loan amount for a new vehicle surpassed \$32,000 in the quarter, while the average loan amount for a used vehicle was \$20,000.

On a monthly basis, the average payment for a new

vehicle was \$554; for a used vehicle, it was \$391.

As average loan amounts and average monthly payments increase, vehicle affordability continues to be a top issue for car buyers. "It's important that lenders and dealers continue to monitor these trends so they can work with car shoppers to help them find the right vehicle with the right financing options," Zabritski said.

Meanwhile, the percentage of loans originated to subprime borrowers for both new and used vehicles slipped to 19.33 percent, down 26 basis points year over year. Including leases in the mix, subprime originations dropped to 17.43 percent, down 11 basis points compared with the year-prior period.

Despite the lows, Zabritski pointed out that there still are a "good volume" of subprime borrowers in the used market. The record lows for subprime consumers can be attributed to a number of factors, she said, including an increase in average credit scores and more prime and super-prime borrowers in the market.



CATA, USO of Illinois launch month-long campaign to raise awareness of, funds for local military and their families

The Chicago Automobile Trade Association kicked off its seventh Barbecue for the Troops campaign June 25 with a rally at the United Center in Chicago. Nearly 70 reporters joined 35 dealers for the event.

Over six years, CATA dealers have helped raise nearly \$750,000 for programs and services of the USO of Illinois. About 100 area new-car dealers have pledged to rally their communities to raise funds this year.

CATA Chairman Bill Haggerty and USO of Illinois CEO Alison Ruble spoke at the event, which commenced with a singing of the national anthem by Jim Cornelison, a professional singer who sings "The Star-Spangled Banner" and "O Canada" at the beginning of home games for the Chicago Blackhawks. Chris Chelios, a National Hockey League Hall of Famer and a Blackhawks ambassador, also attended the kickoff.

Most of the fundraising will occur at barbecues hosted by participating dealers on July 13.

Marketplace

Biller/Collector Significant background in accounts receivable and payable, decisive leader with strong project management skills and data-driven approach. Skilled at resolving discrepancies. Carla Abruzzini, (630) 329-5069.

Résumé on file at the CATA.

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Review past editions dating to 1998 or search by subject at www.cata.info/publication/bulletins.

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Why, how to create a dealership's culture of coaching

By MIKE FULLAM
NADA ACADEMY INSTRUCTOR

If you truly want to create a culture of coaching at your dealership, here are some statistics that might persuade you.

According to a recent study by the Human Capital Institute and the International Coach Federation, among the organizations that identified as having a strong coaching culture, 61 percent were also classified as high-performing organizations; and 78 percent of the organizations agreed that their employees valued coaching; and 75 percent of senior executives valued coaching.

There also are competitive advantages to creating a culture of coaching in your dealership. High-performing organizations with a strong coaching culture also see benefits when compared to their competitors, which include higher customer satisfaction (82 percent), improved employee productivity (65 percent), and increased profitability (64 percent).

In addition, according to an internal NADA survey, leadership and coaching represents one of the most sought-after topics of interest to dealership group executives with three or more stores. Ninety percent of dealer execs consider it a critical topic for success.

And if that is not enough to convince you, consider this: Dealerships that consistently create a culture of coaching often experience improved customer satisfaction, along with

greater employee engagement, retention and higher net profit. The most successful dealerships that coach and develop their staff in all departments have higher net profit as a percent of sales than their non-coaching counterparts.

Before we get too far down the road, it's important to clearly define the two key elements.

The first part is culture. Culture is defined as the values, beliefs and attitudes that characterize your store, both internally (employee engagement) and externally (customer interaction).

The second part is coaching. We define that as being about helping employees we believe in to reach their potential by assisting them in discovering their path to success and encouraging them along the way.

Here are a few things you can do right away to begin creating a culture of coaching at your dealership and experiencing the benefits of doing so right away:

- **It starts at the top with you.**

Creating a culture cannot just be delegated, although you will certainly want to involve key leaders and managers. But if anything is going to change for the better, your employees will need to see that you not only support it, but that you are leading them through it.

- **Be consistent.** Coaching and developing your employees is not a once-in-awhile thing. In fact, if that is your approach, you will likely end up doing more harm than good. Consistency is critical.

- **Understand coaching.** There is a significant difference between coaching, teaching and mentoring. All three are required as you develop your team, but knowing what to do and when is an important skill to learn.

- **Have a plan.** There are specific critical skills that effective coaches use to help their team reach their potential. Simply telling them what to do or berating them when they make a mistake are not two of those skills. Identify resources and tools that will help you and your leaders.

To be clear, coaching is not for everyone. We hear the usual push back: Not enough time, not enough resources and I don't know how. It's your decision. But if you truly want to get to the next level in a competitive marketplace, coaching your team to improve performance is a winning situation for them, for you and for your dealership.

The NADA provides the resources, seminars and workshops that cover all aspects of dealership operations and profitability, including how to create a culture of coaching, which will be covered in the upcoming seminar, Leadership Master Class, in Tysons, Va., Sept. 23-27.

Two critical topic areas — change management and coaching — will be covered in depth in the new class. Dealership managers will receive the tools they need to create a positive and productive work environment as well as learn how improve communications with their staff.

Ads

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advertised selling price. And that vehicle's advertised price must be the same across all media; there can be no special "internet pricing," for instance.

Indeed, improperly portraying a vehicle's advertised price became such a common infraction that the CATA's board of directors in 2014 authorized the BBB to treat it as one of five

"Zero Tolerance" sins, conduct which the BBB refers to the AG's office for appropriate enforcement.

Another common infraction: identifying a number of limited rebates available, but for which not all consumers might qualify, and then deducting those rebates from the vehicle's selling price. It is OK to list them, said BBB Senior Counsel Patricia Kelly, but "to do the math is taking it one step too far."

Why everyone should attend an auto show

By CHARLIE GILCHRIST

2019 NADA CHAIRMAN

If you want to explore the latest and greatest that the auto industry has to offer, then without a doubt your first stop should be a local auto show. Many elements of our industry are evolving due to advanced technology and ever-changing market conditions. But auto shows remain a beacon of influence because it's where consumers can still touch and feel products across all segments and brands. It's no coincidence that more than 11 million consumers are attending U.S. auto shows every year — with 68 percent of them planning a new-vehicle purchase within 12 months.

Sure, I proudly sell vehicles to the greater driving public, but I am also a consumer myself. Through the eyes of a buyer and as a Texan, there is nothing that excites me more than seeing the new 2020 Ford Explorer or the Mustang Shelby GT 500 on display, often for the very first time. An auto show is an amazing one-stop destination where people like me can get the first look at the best OEM's have to offer, from redesigns of iconic models to a showcase of future offerings. Shows are also one of the few places where a brand's style is personified by the vehicles in the annual line-up — and that style becomes congruent with a customer's own lifestyle.

The greatest impact of an auto show, however, is that it

exerts tremendous influence over a customer's vehicle purchase consideration and it greatly promotes brand loyalty. In fact, the data continues to demonstrate that auto show attendees are consistently twice as likely to make a new-vehicle purchase within a year of visiting a show versus the general population. Many of the customers I've spoken with have expressed that attending a show makes them feel more confident and informed about a vehicle they've been waiting to purchase. Auto shows also have the advantage of strengthening relationships with loyal brand followers while at the same time introducing the public to new brands. In fact, 21 percent of attendees have purchased from a brand they've never considered before visiting an auto show.

My dealerships are located in the Dallas-Fort Worth area, and I'm proud to say that the 2019 DFW Auto Show in Dallas was a huge success. The show's Ride & Drive program, in particular, was sold out and it received participation from 13 OEMs. The DFW Show capitalized on its ability to showcase the latest technology which continues to be a change maker in the selection of a new vehicle. At the Fort Worth Show, we will be adding educational booths which we think will be extremely beneficial for students and attendees who are curious about today's technological advancements. I have no doubt that attendee numbers will continue to rise at my local auto show.

New-car satisfaction dips as consumers struggle with higher tech

New-car owners are indicating more problems with the very technology meant to help them better navigate the roads, a new study found.

Advanced driver assistance systems have become more widespread but are growing increasingly complex and troublesome for car owners, J.D. Power determined in an annual survey of the first 90 days of new-car ownership. The newfangled systems befuddling car buyers include lane departure warning, blind spot detection, collision avoidance systems and other safety-minded innovations.

"Consumers are some-

times confused as to whether they're on or not—or confused about how to set them," Dave Sargent, vice president of global automotive research at J.D. Power, said of the systems.

Sargent said he expects those complaints to recede as consumers become more familiar with the technology. "We don't want to raise a big safety flag because, for the most part, it's not that the systems aren't doing what they're supposed to do," he said.

The industry average stayed flat in this year's Initial Quality Study at 93 problems per 100 vehicles, which marks

the first year of zero improvement since 2014. More brands declined than improved over the past 12 months, with 18 worsening and 13 moving up.

In addition to issues with new technology, J.D. Power said an uptick in traditional problems is also to blame for the lack of improvement — including brake and suspension noises, engines not starting, early "check engine" signs and paint imperfections.

Hyundai Motor Group's Genesis, Kia and Hyundai brands rank above the rest in terms of initial quality. The trio snagged the top three spots, in that order, for a second year in a row.

"They have become very adept at understanding what American consumers want and what they don't want and delivering just enough," Sargent said of Hyundai Motor Group. The Korean automaker tends to outfit its vehicles with bare bones technology, whereas European automakers "are stuffing their vehicles full of technology, which people want and find appealing. But with that comes the possibility of having some problems," he said.

Ford Motor Co.'s Lincoln and Ford nameplates rounded out the satisfaction list's top five.