



CATA Bulletin

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Mars dickers, Venus doesn't

Mars doesn't mind negotiating and is confident he deserves more. Venus is satisfied with what she is offered, unsure of what she deserves and fearful of bargaining. This is the message of "Women Don't Ask," a book to be published by Princeton University Press.

Women's reluctance to negotiate arises even when it comes to commonly negotiated items like automobiles, wrote the authors, Linda Babcock, an economist at Carnegie Mellon University and a leading scholar of negotiations, and freelance writer Sara Laschever.

According to a survey by the Dohring Co., for example, women are 40 percent more likely than men to accept the first car price a dealer offers. In another survey, 20 percent of women said they never negotiated.

The authors advise women to seek out information about products and prices on the Internet before they go to the store, for an informed worker or customer is the best bargainer.

The book, while sometimes prone to sweeping gender generalizations, carries a central theme: women are far less likely than men to initiate a negotiation.

Facing uproar, FCC pauses till '05 on implementing new fax rule for businesses

Businesses won a reprieve from a cumbersome Federal Communications Commission ruling that would have fined businesses for sending faxes to consumers unless a consumer gives explicit consent first.

The Telephone Consumer Protection Act was to have taken effect Aug. 25. The FCC on Aug. 18 moved to extend that date to Jan. 1, 2005, to reconsider the matter in the wake of waves of objections.

The FCC proposed the rule last fall, but the rule's exact wording was not published until July 25. In addition, most observers focused on the rule's telemarketing provisions, which set limits on when a business can call people at home.

The provision concerning unwanted faxes begins at paragraph 185 of the FCC's 225-paragraph report on the new rule.

Since 1992, businesses can send faxes to recipients with which they have an "established business relationship," regarded by the FCC as customers who bought something from the business in the past 18 months or made an inquiry in the past three months. Those periods expire if the fax recipient requests not to be contacted by the fax sender.

The July report by the FCC reversed course, concluding "that the established business relationship would no longer be sufficient to show that an individual

or business has given express permission to receive unsolicited facsimile advertisements."

If businesses or associations violated the proposed rule, the FCC could assess penalties of up to \$11,000 for each fax. In addition, the person who received an unwanted fax could sue for \$500 for each violation, with the possibility of receiving triple damages if the business knowingly broke the law.

Non-profit associations objected loudly to the FCC, arguing against the requirement that they get written permission before faxing any "advertisement"—including notice of an upcoming meeting or seminar that charges a fee—to their own dues-paying members.

Small businesses, which rely heavily on faxes, also railed against the proposed rule, saying it would be too burdensome.

"It's inconvenient, it's a lot of paperwork, and it's a lot of time," said Steve Bokas, general counsel for the U.S. Chamber of Commerce.

The rule change would have forced businesses to secure the recipient's permission in advance. Express consent would have had to (1) be in writing; (2) include the recipient's signature, in electronic or digital form; and (3) clearly indicate the recipient's advance consent to receive any facsimile advertisements from a business.

Don't miss chance to be a STAR

Are you a STAR? No, not a "star," in the traditional sense. However, you can belong to STAR, an NADA initiative to simplify computer operations and cut related IT costs.

STAR is an acronym for Standards for Technology in Automotive Retail. Formed in May 2001, it is a nonprofit, industry-wide initiative to create voluntary information technology standards in the automotive industry.

The standards are necessary because proprietary technology requirements make communications among manufacturers, dealers and customers needlessly complex and costly.

Let's say you have a multi-franchise dealership. By definition, you deal with multiple manufacturers. Of necessity—because of the proprietary technology linking each manufacturer to your dealership computer system—you communicate essentially the same information to each manufacturer, but in a different way, with different equipment.

Doesn't it make sense to standardize the technology we use to exchange business information and to make that technology available to everyone who should use it?

The creation and implementation of nonproprietary, Internet-based standards would benefit your dealership by reducing your technology costs and saving you time and effort, all while increasing your operating efficiency.

STAR is composed of dealer organizations, automotive manufacturers and retail system providers which provide dealership computer systems and services. STAR members develop industry standards and research emerging technologies for the benefit of dealers.

Standards development is accomplished by Special Interest Groups devoted to infrastructure, data transfer and extended mark-up language (XML, the language of the Internet).

STAR needs dealers as members. It needs your input and business experience. You have to ensure that your dealership information technology infrastructure can support Internet-based applications that manufacturers and other have already begun to implement. To learn more about STAR's work and how you can participate, visit the STAR Web site at www.starstandard.org/

This information was adapted from "STAR: Standards for Technology in Automotive Retail," an NADA management bulletin. Copies of the bulletin can be ordered from the NADA by calling 800-252-6232, ext. 2. Or, order an electronic version at www.nada.org/mecatalog/ Cost is \$2.50 for NADA members, \$5 for nonmembers, plus shipping.

Japanese models dominate Consumer Reports list of best-value used cars

Japanese-made autos dominated a list of best-value used vehicles, accounting for 15 of the 18 bargains identified by Consumer Reports magazine.

The other three vehicles were U.S. models. Cars made in Germany, Sweden, Korea and elsewhere were no-shows on the list.

Magazine editors chose cars that "proved reliable, performed well in Consumer Reports' tests when new, and offer excellent value for the money."

The consumer-advocacy group which publishes Consumer Reports gave a nod to the 1999 Lincoln Town Car Executive for being feature-rich and for depreciation that brought it to an average sales price of \$11,000.

Prices in the study reflect average dealer asking prices, based on average mileage for the model year.

For about \$6,000, a Honda Civic EX or a 1999 Mazda Protege ES offer reliability and economy, editors said. For lower miles, the report suggests the 2001 Honda Civic EX, at \$9,500.

Consumer Reports described the 1996 Infiniti G20 as a sporty, "well put-together" car for those with more limited means, at about \$5,500.

Consumer Reports' top used vehicles

1996 Honda Civic EX	\$6,000
2001 Honda Civic EX	\$9,500
1999 Mazda Protege ES	\$6,000
1996 Infiniti G20	\$5,500
1998 Mazda Millenia S	\$8,500
1996 Toyota Camry XLE V6	\$7,500
2000 Toyota Camry XLE V6	\$12,000
1996-2000 Honda Accord LX V6	
1995-1998 Honda Odyssey	
1999 Lincoln Town Car Executive	
1996 Acura RL	\$10,000
2000 Acura RL	\$19,000
1996 Toyota Avalon XLS	\$8,100
2000 Toyota Avalon XLS	\$18,000
1997 Mazda Miata (avg. not available)	

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Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full résumé to the Editor.

Review past editions or search by topic at www.cata.info/

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Amid industry's deluge of image vehicles, not all 'halos' are golden

A popular refrain from some automakers is, "If we could only get the customers into the dealerships. Once they see and drive our product, they would be ready to buy." One way to get people into dealerships is through an image or "halo" vehicle.

In the past, the halo market was populated by higher-priced, lower-volume sports cars. However, the segment is by no means limited to sports cars and increasingly has included offerings from cars to trucks to crossovers, all with various volume scenarios.

Furthermore, automakers are ratcheting up investment in the design, development and production of image vehicles for the so-called halo effect that is generated. The theory—that the popularity of an image vehicle will rub off onto other vehicles in a company's lineup and hopefully increase overall brand image—seems simple enough. But is it?

In the not-so-distant past, image vehicles typically were low-volume offerings. In North America, vehicles such as the Dodge Viper and Plymouth Prowler comprised the extreme low-end of the volume spectrum, at 2,000 to 3,000 units a year. The Chevrolet Corvette encompasses the upper end of the production range, with 22,000 to 35,000 units a year.

However, the introduction of the Volkswagen Beetle in 1998 model year and the Chrysler PT Cruiser in 2001 changed the volume landscape significantly. Instead of generating a halo effect with oftentimes unattainable, high-priced vehicles, both Volkswagen and DaimlerChrysler generated significant buzz with well-designed, unique offerings priced reasonably for the masses.

Notwithstanding the positive buzz and improvement in brand perception an image vehicle can create, it is difficult to quantify the volume impact of the halo effect. For example, in the first year the Beetle was launched in the

Halo vehicles on the horizon

Chevrolet SSR	Oct. '03
Pontiac GTO	Nov. '03
Ford GT	March '04
Dodge Charger	March '05
Lexus HPX Concept	March '05
VW Microbus	July '05
Pontiac Solstice	Dec. '05

CSM Vehicle Forecast Service

United States (1998 calendar year, presumably when the most initial showroom traffic would be created), overall Volkswagen division sales increased by 51 percent relative to the previous year. Of that increase, roughly 80 percent was directly attributable to Beetle sales while the remainder (just under 14,000 units) was comprised of incremental Volkswagen division sales.

While the Beetle gained significant attention, it did not seem to vault the overall brand to new sales highs. A comparable analysis is difficult to perform with the PT Cruiser. While the Chrysler division registered significant gains during the launch of the PT Cruiser in the 2000 calendar year, the overall brand also undoubtedly benefited somewhat from the demise of the Plymouth brand around the same time.

Despite of the difficulty in equating the halo effect to increases in overall brand sales, automakers are increasing efforts to launch the "next big hit." With the advent of the crossover utility vehicle, one could view the Nissan Murano and Infiniti FX35/45, with their unique design and flexibility, as vehicles that could create a halo effect in their own right.

Several image/halo vehicles have hit the U.S. market during the past few years, and some have performed better than others from a sales perspective. Some image vehicles currently on the market include the Hummer H2, Nissan 350Z, Chevrolet Corvette and Dodge Viper. The aforementioned Beetle and

PT Cruiser, while initially very successful in the market, have experienced a down side of having a stylish and unique design: Once everyone has a unique vehicle, how unique is it anymore?

As a result, both Volkswagen and DaimlerChrysler are working furiously to launch enhancements to and/or variants of the vehicles—e.g., turbo-charged engines and convertibles.

On the other hand, automotive history is littered with cautionary tales on image vehicles. Ford had its share of recent struggles with the short-lived Lincoln Blackwood and the Ford Thunderbird. Notwithstanding design issues with both vehicles, perhaps just as important was the fact that Ford experienced significant production problems early on in the launches, which precluded a "big splash" in dealerships. Simply stated, in order to sell them, you have to be able to produce them.

Another case includes the slow-selling Pacifica, once hyped as a vehicle that could create a halo effect in Chrysler dealerships. DaimlerChrysler officials now tout the Pacifica as a likely recipient of a halo effect that will be created by the forthcoming German-engineered Chrysler Crossfire.

While the image vehicle concept is relevant and its presence can, if well executed, improve a brand's exposure in the market, not all image vehicles are created equal. There are a plethora of new vehicles slated for the market in the coming months and years, all designed with the hope of creating a valuable halo effect. There undoubtedly will be both winners and losers, and the competition will be intense.

The key for both automakers and the companies who work with them is to maintain a fairly rational eye on the outlook for any particular vehicle and work to execute a launch as free from problems as possible. Seems simple enough. But is it?

AIADA wants 'chicken tax' on table at coming WTO meetings

With U.S. trade negotiators preparing for the fifth World Trade Organization Ministerial Meeting in two weeks, elimination of the 25 percent chicken tax on imported pickups is being pushed by the American International Automobile Dealers Association.

In a letter to U.S. trade negotiators, the AIADA commended the country's push for an agenda of trade liberalization by advocating a "zero-for-zero" approach as a negotiating objective.

Under such an agenda, all tariffs on imported products would be eliminated over a specified time—including the 25 percent import truck tariff.

Detailed negotiations on

specific proposals such as the chicken tax are not expected at the Sept. 10-14 meetings in Cancun, Mexico. But the AIADA is lobbying for the topic in the upcoming multilateral trade round.

"Eliminating the tariff would enhance and foster competition in the light truck segment—the fastest growing motor vehicle segment—and benefit American consumers through greater selection, lower prices, and enhanced value," according to an AIADA statement.

The ministerial meeting is the midpoint in the current round of trade negotiations begun in Doha, Qatar, and expected to conclude in 2005.

NADA body shop seminar in Rosemont Sept. 18-19

A seminar to improve body shop sales and pinpoint areas of opportunity will be hosted by the National Automobile Dealers Association at the Hyatt Regency O'Hare in Rosemont.

"How to Drive More Business Through Your Body Shop" meets Sept. 18-19. Body shop managers, general managers and dealers will identify where body shop business comes from and where to find it, discover dealer-proven marketing techniques, and learn how to lead a team to new levels of productivity.

The speaker, Robert Rick, is vice president of training and development for ABRA Auto Body & Glass in Minneapolis, Minn. His company has implemented a body shop sales training program which increased average sales and closing ratios.

A special registration for NADA 20 Group members and NADA Dealer Candidate Academy students and alumni is \$595 for one person, \$465 for each additional person. Standard registration for NADA members is \$695 for one person, \$565 for each additional registrant. Nonmember registration is \$995.

To register, call the NADA toll-free at 800-252-6232, or register on-line at www.nada.org/seminars/

NADA convention adds Gen. Tommy Franks

Gen. Tommy R. Franks, recently retired commander-in-chief of the U.S. Central Command, will address the National Automobile Dealers Association's annual convention and exposition in Las Vegas on Feb. 2.

The four-star general will offer his views on world events at the convention's General Session. The convention lasts Jan. 31-Feb. 3.

"Gen. Franks has devoted his life to defending our freedom and way of life, and we're honored that he will join us at our most important event of the year to share his unique insights into global issues," said Alan Starling, NADA chairman.

As commander of coalition forces in the war with Iraq, Gen. Franks

developed and executed a highly effective military operation to oust Saddam Hussein from power. In addition, he has coordinated operations in 20 other nations during his career, including the war on terrorism in Afghanistan.

Among his military commendations are four Legion of Merit medals, three Bronze Stars and three Purple Hearts.

Dieter Zetsche, CEO and president of DaimlerChrysler, also is confirmed to speak during the convention. Advance registration continues through Dec. 19.

Additional convention information is available at www.nada.org/convention/ or at 703-827-7407.

Marketplace

This newsletter periodically publishes the names and brief credentials of candidates for positions at area dealerships. The CATA does not verify any information on a candidate's résumé, and the listing of a candidate should in no way be considered a recommendation or endorsement by the CATA.

Dealerships are urged to check the references of anyone they consider for employment.

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