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Upcoming DealersEdge webinars

The Chicago Automobile Trade Association has established a partnership with DealersEdge to provide high-quality training and informational webinars that offer the content to CATA member dealers at a significantly discounted rate.

The rate for CATA members for the weekly presentations is $149, half what is charged to users who do not subscribe to DealersEdge. Webinars premiere on a near-weekly basis.

Even for dealers who hold an annual membership with DealersEdge, the new relationship with the CATA represents a savings because DealersEdge offers its Webinars to its own members for $198. Regular annual membership fees are $397, and normal webinar fees are $298 for non-DealersEdge members.

Once purchased, DealersEdge webinars and accompanying PDF files can be downloaded and viewed later—and repeatedly. No matter how many people watch at your location, each connection costs a CATA member just $149. A telephone connection is not needed; and the fee includes both PowerPoint slides and audio.

To register for any of the DealersEdge webinars, go to www.cata.info. On the tan bar across the top of the screen, click on Education/Careers and follow the drop-down menu to CATA-DealersEdge webinars.

Premiering Thursday, Aug. 6 at 12 p.m. CDT

"How to Get a Larger Share of the Soaring Certified Pre-Owned Market" Innovative pricing and marketing strategies can help you grab a bigger slice of CPO Sales"

Autodata reported a 17 percent-plus increase in certified pre-owned vehicle sales in June. Who wouldn't want

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NADA urges House to repeal CFPB guidance on auto lending

The National Automobile Dealers Association on July 28 urged members of the U.S. House Financial Services Committee to pass House Resolution 1737, legislation that would repeal the Consumer Financial Protection Bureau's 2013 guidance designed to pressure lending institutions into eliminating the availability of auto financing discounts for car buyers.

Currently, 126 members of the House — 70 Republicans and 55 Democrats — have cosponsored H.R. 1737, a bill introduced in April by Reps. Frank Guinta, R-N.H., and Ed Perlmutter, D-Colo. The legislation is identical to a bill that garnered 149 bipartisan cosponsors in the 2013-2014 congressional session but did not advance.

The bill would rescind the CFPB's 2013 guidance to auto lenders, require public input and cost impacts of future guidance, require transparency in the process and require the agency to work in consultation with other government agencies that Congress vested with regulatory authority.

"As a matter of principle, consumers have the right to negotiate, the right to seek a better deal and the right to choose the loan that's best for them. But the CFPB has been trying to take that right away," said NADA President Peter Welch. "Reps. Guinta's and Perlmutter's bill will produce a more informed process by requiring the CFPB

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Thanks, BBQers!

Increased dealer participation and consumer awareness led to success for this year's USO fundraiser. The official sum raised will be announced in early August.

Webinars

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a bigger piece of that pie? It's no secret that Certified Pre-Owned (CPO) has been the bright star in the world of pre-owned sales in recent years. And it seems like the CPO pie just gets bigger and bigger.

While the CPO sales have boomed, so have new strategies to help dealers price and market their CPO inventory to greater competitive advantage. And, as most auto retailing does these days, it all centers on how CPO customers are finding your dealership and your inventory online.

Register for this webinar to discover:

• How to increase your CPO Search Page Views (SRPs) by fivefold

• How to increase your CPO Vehicle Detail Page Views (VDPs) by up to 100 percent

• How some OEM's terms for options are retarding your Search Page Views

• How to optimize your CPO Inventory Descriptions to increase VDPs

• An effective CPO Pricing Strategy that increases VDPs and sales

• How to get a larger share of the CPO market and beat your competition to the CPO buyer

Premiering Thursday, Aug. 13 at 12 p.m. CDT

"Through the Periscope: A New Look at Video Marketing Strategies for Auto Dealers" Learn the current tools and strategies that you MUST be using to compete with an ever-advancing competition. Special look at "Periscope" and Live Video Streaming!

Many dealerships are reluctant to delve into the world of video marketing; others employ video with delight, much to their competitors growing regret.

Visit with Paul Potratz as he outlines just what you could and should be doing to benefit from the newest tools and video marketing strategies. New Live Streaming Video tools open up new and exciting opportunities for smart dealers to capitalize, and it's not as hard as you thought.

Discover:

• How & Why to use new video tools like Periscope and Meerkat to boost sales

• How & Why to promote your video messages and content

• All about the top video marketing strategies you MUST be employing

• How effective video does NOT mean professional video

CFPB

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to study the consumer impact of its policy to eliminate consumer discounts in the showroom, and require public input, transparency and consultation with other affected government agencies."

The CFPB in 2013 issued guidance urging auto lenders to move away from discountable compensation for auto dealers who arrange credit for their customers, and instead compensate dealers with non-negotiable payments like flat fees. If enacted by lenders, the policy would mean that consumers would no longer be able to negotiate a lower rate on credit with their dealer in the purchase. For millions of consumers this would reduce access to lower interest rates on their auto loans.

Rather than create new regulations, the NADA, the National Association of Minority Auto Dealers, and the American International Automobile Dealers Association issued a compliance program for dealers to address fair credit risks in the automotive marketplace. The program is based on an existing U.S. Department of Justice model to address fair credit risk. The NADA asserts that its program is superior to the CFPB's model, as the DOJ program addresses fair credit risk without decreasing competition and harming consumers.

"When you're paying $30,000 for a car and stretching to do it, consumers should have every financial advantage possible," said Welch. "No government institution should deny that. That's not what Washington is supposed to do."

Congratulations!

Kunes County Ford in Antioch and **Sunrise Chevrolet**, in Glendale Heights, were named to the fourth annual Automotive News rankings of the 100 best dealerships to work for. The 2015 list recognizes dealerships which excel in workplace satisfaction and talent retention and have excellent employment practices. A final ranking of the top dealerships will be revealed at an Oct. 14 ceremony at the Four Seasons Hotel in Chicago.

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Blumenthal proposal would deflate value of customer trade-ins

By Bill Fox
NADA Chairman

Imagine what would happen if dealers could offer only a fraction for their customers' trade-ins, or could not even send the trade-in vehicle to auction. This could be a dark reality if the Sen. Richard Blumenthal, D-Conn., used-car amendment, which would ground all recalled vehicles at dealerships until remedied, is passed.

When a food recall is issued, the product under recall is immediately removed from commerce and tossed from retail shelves. This is not the way it works for a recall involving automobiles. When a particular vehicle is under open recall, that doesn't necessarily mean it requires the drastic step of grounding the vehicle.

While there are at least 46 million vehicles currently under open recall, the truth is many recalls don't require the vehicle being taken out of service. Furthermore, recall notices often are issued even though there is nothing an owner or dealer can do to resolve the problem because of a lack of auto parts.

And some recalls are due to minor causes, such as a printing error in the owner's manual.

The Blumenthal amendment to the highway bill (House Resolution 22) currently being considered by the Senate proposes to ground all used vehicles sold at a dealership under open recall. (Private sales would remain unregulated.) The amendment would effectively slash the trade-in value of some recalled vehicles while removing cars from the road needlessly — and the reason could be for something as minor as a warning sticker that may peel off the sun visor.

This amendment would cripple the used-car market, leaving consumers with diminished trade-in values or fewer options because cars would be grounded indefinitely until parts became available. This would be devastating for consumers, dealers and automakers.

Franchised auto dealers play a critical role in ensuring that recalled vehicles are repaired.

Proposals that ground all vehicles under open recall at a dealership miss the mark: They don't differentiate between recalls involving a serious defect and those with a negligible impact on safety. Time and time again, they prove to be overly broad measures that do not require the drastic step of grounding cars.

A recent survey of 2,100 vehicle recalls revealed that 80 percent of them do not come with any recommendation from the manufacturer or the National Highway Traffic Safety Administration to stop operating the vehicle.

The NADA is advocating for a better solution. A more viable approach would be to improve the recall process by differentiating between truly dangerous defects in which vehicles should immediately be taken off the road versus trivial issues where there is no harm to driver safety or the public good.

Policies should be tailored to boost consumer recall response and completion rates. The average vehicle recall completion rate is 75 percent. America's dealers support a 100 percent completion rate and we urge the NHTSA to improve the recall process by designing a database that handles multiple VIN requests as a single inquiry.

Dealers should call their senators today at (202) 224-3121 and tell them to vote "No" on Sen. Blumenthal's ill-conceived amendment. This amendment would diminish in an instant the trade-in value of millions of vehicles, while not guaranteeing one recalled vehicle gets fixed.

Coming soon: Virtual dealerships in real dealerships

U.S. dealerships of the near future are expected to use large interactive video screens, virtual-reality headsets and the like to move the metal.

Relying on high-tech visuals with dedicated software and advanced analytics to sell cars "won't blow up the (dealership) system," said Jeff Hood, who spoke this summer at the 2015 Automotive Customer Centricity Summit.

But it will change it.

Virtual-reality show-and-tell presentations of products will lead to the thinning out of dealer lots in the U.S., said Hood, of IBM Global Business Services. "Over time, we'll see a gradual reduction in dealership inventory.

"Europe relies on digital much more to sell vehicles. They don't have big parking lots full of inventory like we have here."

IBM offers software for what Hood calls cognitive mobile shopping, a system that quickly learns the user's likes and dislikes. It gives a car shopper greater control of the buying experience.

With the same thing in mind, many dealerships now regularly use computer tablets throughout the store. Hood envisions dealers going a step further with the latest technology, and he described what sounds like a virtual showroom within an actual showroom. People swipe or click to see and configure vehicles on large screens.

"Essentially you have the screen, software and a controller for customer interaction. An Audi dealership in New York has one," Hood said.

Consumers' ideal auto salesperson: Negotiator to help get best deal

Gen Y is generation most likely to negotiate: study

Given the choices of negotiator, educator and facilitator, 46 percent of U.S. new-vehicle buyers said the most important role that salespeople play in the purchase process is that of a negotiator to help them get the best deal, according to a recent Consumer Pulse study.

Consumer Pulse is a monthly analysis developed jointly by J.D. Power and DealerRater. The alliance integrates each company's capabilities to gather comprehensive vehicle shopper feedback based on J.D. Power's customer satisfaction research and DealerRater's customer ratings and reviews of car dealerships.

As a negotiator, the salesperson's role is to assist buyers in arriving at a mutually acceptable deal, which includes coming to an agreement on the new vehicle's price and the value of the buyer's trade-in vehicle, if there is one.

Among the key findings:

• Another 42 percent of new-vehicle buyers prefer that salespeople take on the role of educator, while 12 percent prefer facilitator.

• Given a relative sensitivity to vehicle affordability, the percentage of U.S. buyers who want their salesperson to be a negotiator is slightly higher among mass market vehicle buyers (47 percent) than among luxury buyers (43 percent).

• At the brand level, buyers of Nissan (53 percent) and Kia (53 percent) vehicles are among the most likely to want their salesperson to be a negotiator; whereas buyers of Subaru (35 percent) and Audi (40 percent) are among the least likely to want their salesperson to be a negotiator.

• According to the J.D. Power 2014 U.S. Sales Satisfaction Index Study, 66 percent of new-vehicle buyers say they negotiated with their salesperson to get a better deal.

• Despite the strong desire to negotiate vehicle purchase terms, 45 percent of buyers indicate it took a moderate amount of effort to get a better deal.

As shown in data collected by DealerRater, the art of negotiation is alive and well in the U.S. automotive market.

"Given that people so often turn to the Internet and smartphone apps to research vehicles — and can even see what others have paid for a similarly spec'd vehicle — the results of our analysis were somewhat surprising. But it's clear that consumers still want salespeople to be part of the overall purchase process," said Gary Tucker, chief executive officer of DealerRater.

According to the 2014 U.S. Sales Satisfaction Index Study, negotiating can often lead to a positive outcome for buyers, as a significant percentage of new-vehicle buyers indicate they received a lower price (55 percent); a better trade-in value (32 percent); and/or another kind of purchase incentive, including cash, a preferred interest rate, free service or additional vehicle features (31 percent).

"Among the generations, Gen Y buyers negotiate the vehicle price 72 percent of the time, while Pre-Boomers negotiate only 61 percent of the time. Gen X negotiates 66 percent of the time and Boomers 64 percent of the time," said Chris Sutton, vice president, U.S. automotive retail practice at J.D. Power. "In an increasingly digital world where everything's at our fingertips, savvier consumers are armed with a lot more information to bring into a negotiation than was readily available in past generations."

Study data also suggests that satisfaction with the overall purchase experience is lower among new-vehicle shoppers who attempt to negotiate a better deal than among those who don't (793 versus 844, respectively, on a 1,000-point scale).

"Dealers would do well to examine their approach to customer negotiations to close this satisfaction gap to avoid misconceptions and frustrations with in-store interactions, as well preserve loyalty and advocacy for the product being sold, person selling the product, the place where the consumer buys the product and its overall price," said Tucker.

"Employee review pages," he added, "are a great example of how we've seen dealers achieve this. By making connections and establishing trust with the salesperson before going into the store, anxiety is lessened and the overall sales process goes faster and smoother."

On average, new-vehicle shoppers spend 56 minutes negotiating with dealership staff, a time frame that has remained relatively unchanged over the past six years.

In Memoriam

Robert A. Gerald, a partner for more than 40 years at Gerald Lincoln-Mercury in Skokie, died July 25. He was 79.

Survivors include Jacqueline, his wife of 56 years; sons Jeffrey and Jason; a daughter, Jennifer; and three grandchildren.

Memorials appreciated to the American Heart Association, 208 S.LaSalle St. Ste. 1500, Chicago, IL 60604.