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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.

Coming topics:

Premiering Thursday, March 6 at 12 p.m. CST

“Dealership Technology 2014 DMS Checkup: What works, what doesn’t work, what has really changed, and is it better?” Before making any new technology decisions for your store or group, find out what the pros at The Gillrie Institute have learned about

SEE **WEBINARS**, PAGE 2

Solid crowds, enthusiasm are tenets of '14 Chicago Auto Show

Strong attendance and attendee interaction underscore that major auto shows, like Chicago’s, remain resilient to the changing times. While hundreds of third-party automotive, manufacturer and enthusiast websites feature vehicle specifications, options, prices, videos and road test reviews, consumers still take advantage of venues like the Chicago Auto Show when they are in the market for a new vehicle.

Consumers battled cold and snow to reach McCormick Place Feb. 8-17 for the Chicago Auto Show’s 106th edition. Automakers seized the chance to build brand awareness, and consumers used the opportunity to take rides on three indoor test



tracks and six outdoor test drives — certainly things the Web can’t offer.

Attendees were treated to 18 world and North American vehicle introductions, and lots of fudge.

Social media

The Chicago Auto Show used social media as an informational and engagement tool with solid success. The show was the No. 1 trend on Facebook from the show’s

SEE **AUTO SHOW**, PAGE 4

Lease tax bill gets final House vote

Illinois legislation that would base sales tax owed on leased new vehicles on the monthly payment instead of the vehicle’s selling price moved out of committee

Feb. 27 and to the floor of the House of Representatives for a final vote.

House Bill 2317 won unanimous Senate approval

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Webinars

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the products and services being marketed in 2014.

When it comes to dealership technology systems and products, the independent researchers and trainers at the Paul Gillrie Institute have seen and analyzed it all. All too often, it seems that “new” technology is not as revolutionary or beneficial as advertised.

In this DealersEdge workshop, Gillrie experts Wolf Geide and Stefan Drechsel will focus on what works and should be considered, and what does not deliver as promised and therefore should be avoided. Before you shop, hear what Gillrie has to say.

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

“Career paths for service advisors & techs: Boost employee retention & morale; recruit better applicants”

Learn how recognition and career advancement are better motivators than money alone.

You can't fault service and advisors from wondering, “Where do I go from here?” Dealership fixed operations traditionally does not provide many avenues for the rank and file to move up. That usually results in using the dealership pay plan as the primary motivator. But it also is clear that employee recognition and career advancement rank higher than money as a primary motivator.

Fixed Ops expert Greg Criss says dealerships can improve employee retention and morale, and attract better applicants by offering a clear career path...a way for them to move up in the business.

In Memoriam

Joseph J. Bredemann Sr., whose Bredemann Family of Dealerships in Glenview and Park Ridge marked its 100th year in 2012, died Feb. 20 at age 87.

Mr. Bredemann joined his father at Busse Buick, in Mount Prospect and later Park Ridge, in 1948, one year before the family bought out the company's other partners and changed the name to Busse-Bredemann Buick. The family added a Toyota franchise in 1976, and Ford and Lexus stores in 1990. In 2002, Mr. Bredemann signed an agreement with General Motors to switch from Buick to Chevrolet.

A 47-year parishioner and usher at St. Joan of Arc Parish, in Evanston, Mr. Bredemann was a founding member of the Park Ridge Rotary Club, and he enjoyed boating and tennis. Survivors include his wife, Sara J. “Sally”; sons Joseph J., John, Thomas, and Martin; daughters Mary Ann and Marjorie; 18 grandchildren; and one great-granddaughter.

Donations appreciated to Saint Joan of Arc School, (847) 679-0660; or Misericordia Heart of Mercy, (773) 973-6300.

NADA workplace study underway

Participation in the 2014 NADA Dealership Workforce Study is open through April 30 to NADA and ATD dealer members.

The study, conducted by the NADA and ESI Trends (formerly DeltaTrends), is the industry's most comprehensive analysis of the dealership workforce. It aims to provide dealers with the data to make informed recruiting and hiring decisions and help them meet their No. 1 challenge: attracting and retaining talented employees.

Dealers can enroll as individual dealerships or dealer groups using a secure, Web-based process that involves completing a survey and uploading their payroll data.

At the study's close, each participating dealership will receive a complimentary customized report (Basic Report) comparing its own employee compensation, retention and turnover, work schedules, hours of operation and employee benefits programs against data aggregated on a regional and national basis.

Participants also receive, free of charge, the Dealership Workforce Industry Report which provides cogent analysis of the industry as a whole, including state-of-the-workforce and demographic trends, plus aggregated compensation, retention, and benefits data for each region of the U.S. Participants can purchase additional customized reports providing even more data.

NADA directors and automotive trade association executives are promoting this important study by encouraging all dealer members in their states and regions to participate; the greater the level of participation, the more accurate the findings can be.

Armed with the facts, dealers can address issues such as turnover (sales consultant is the highest turnover position, at 62 percent), the “gender gap” (females make up only 18 percent of the dealership workforce), and generational issues such as the need to attract Gen Y employees.

The 2013 study showed improvement: Dealerships are hiring more women and millennials; salaries in general increased; and total dealership employee turnover at 35 percent.

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Listings of items for sale are subject to the approval of the CATA.

Candidates for employment must submit a full resume to the Editor.

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

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NADA's service provider data access addendum now available

BY MARK SCARPELLI

CHICAGO METRO NADA DIRECTOR

The NADA's Legal and Regulatory Affairs department in January issued a sample Service Provider Dealer Data Access Addendum and cover memo for dealers to use with their third-party service provider vendors.

This follows a memo sent last August to all NADA members that contained an overview of the primary regulatory issues surrounding dealer data, numerous practical tips for dealers to consider when protecting their data, as well as samples of the contract provisions required under federal law when a dealer wishes to allow access to dealer data with a third party service provider.

The Addendum is available to dealers as a Word document at www.nada.org/dealerdata.

In other NADA news ...

- Although new-car dealers continue to face a host of challenges from the government and industry, 2014 NADA Chairman Forrest McConnell said **dealers are risk-takers** and they can rely on the NADA just as he and his family have done for generations.

"The NADA is working through some of the toughest regulatory and legislative challenges that Washington throws at us," McConnell said in keynote remarks at the NADA Convention & Expo in New Orleans on Jan. 27. "Many of you know that the government has been trying to impose more regulations over our \$783 billion finance market. Why? Because they don't understand our business.

"Eighty percent of customers come to us because our financing system is convenient and competitive. We provide credit avenues that they didn't even know existed. The NADA will keep hammering

Washington that dealers don't add to customers' credit costs. We save our customer's money. Period."

- Despite an auto sales turnaround over the past year, new-car dealers still face major **industry and regulatory challenges**, said David Westcott, 2013 NADA chairman.

"Last year, we faced a new threat to dealer-assisted financing and our business model," Westcott said in remarks at the 2014 NADA Convention & Expo in New Orleans on Jan. 25. "In-dealership financing has been enormously successful in increasing access to auto credit, and reducing the cost for millions of Americans. Consumers overwhelmingly choose dealer-assisted financing because it's convenient and affordable."

- A U.S. Senate committee on Feb. 6 approved a bipartisan, NADA-supported **bill that eliminates some red tape** required by the Environmental Protection Agency when a new car or truck is sold.

The legislation, which passed the Senate Environment and Public Works Committee, now goes to the floor of the Senate for consideration. House Resolution 724, which has no known opposition, was passed unanimously by the House of Representatives in January. The bill would repeal a 1977 mandate that requires dealers to certify that a vehicle complies with the Clean Air Act.

A dealer is required to present this form to the purchaser of a new vehicle even though all vehicles must comply with the Clean Air Act before being sold in the United States. Additionally, a Clean Air Act certification sticker can be found under the hood of most vehicles, or in the owner's manual, making an additional certification by the dealer redundant.

- Increasing home values, residential housing construction and rising employment are **key factors that will**

drive the U.S. economy this year, said Steven Szakaly, NADA chief economist. "These factors are also critical to maintaining the pace of auto sales growth, which has been an integral part of the economic recovery," Szakaly said.

The NADA predicts 16.4 million new cars and light trucks will be purchased or leased in the U.S. this year, a 5.8 percent increase over 2013.

- A sharp rise in the supply of late-model used cars and light trucks is expected to end a five-year run of price growth, according to the **NADA Used-Car Guide**.

Late-model used-vehicle supply will be more plentiful, in large part due to an 18 percent surge in off-lease volume. The supply of units aged 6 to 8 years, though, will continue to fall as a byproduct of the new-vehicle sales decline from 2006 to 2009.

"These diverging trends will result in late-model used-vehicle prices dropping more substantially than their older counterparts," said Jonathan Banks, executive automotive analyst for the NADA Used-Car Guide.

- After a slight 0.1 percent uptick in January, the NADA's **used-vehicle price index remained unchanged** at 124.6, tied with August 2013 and December 2013 as the third-highest figure ever recorded. The index measures the change in used-vehicle prices up to eight-years-old.

"The arctic weather that impacted large swaths of the country did little to push used-vehicle prices off their expected course in January," said Jonathan Banks, executive automotive analyst of NADA Used-Car Guide, a monthly report on new- and used-vehicle sales trends and price movement. Price movement for the majority of vehicle segments fell about 0.2 percent

Warranty parts surcharge denied

An Illinois appellate court on Feb. 20 upheld a lower court's ruling that a surcharge imposed by Nissan on the state's Infiniti dealers for repair work under warranty violates section 6 of the Illinois Motor Vehicle Franchise Act.

In 2007, when Nissan did not have a written agreement with a majority of its Illinois Infiniti dealers to set a uniform parts reimbursement rate, the company began imposing an across-the-board surcharge on the wholesale invoice of each new vehicle it sold to its dealers. The surcharge, listed as a "Warranty Supplemental Cost Recovery" charge, ranged from as low as \$90 in 2007 to as high as \$245 by 2009.

The surcharge appeared as a separate line-item charge to the dealers as part of their total costs owed to Nissan via the wholesale invoice, but did not appear as a charge that figured into the total MSRP of the vehicle on the invoice as did other line-item charges such as destination and handling costs and vehicle options like splash guards. Nissan imposed the charge on all new Infiniti vehicles sold to all Illinois dealers, regardless of their actual individual warranty reimbursements.

Attorneys for Nissan argued the surcharge was permitted under section 6(g) of the franchise act (815 ILCS 710/6).

But the Appellate Court ruled that section 6(b) of the Act, which generally provides that "the franchiser shall reimburse the franchisee for any parts provided in satisfaction of a warranty at the prevailing retail price charged by the dealer for the same parts when

not provided in satisfaction of a warranty" is the basic governing principle, and that the franchiser may surcharge dealers ONLY when the franchiser has availed itself of the right presented in section 6(g) to enter into an express written contract with the majority of its Illinois dealers on a uniform warranty reimbursement policy, and then may recover costs ONLY from those franchisees who are receiving their "prevailing retail price."

The appellate court decision upheld the rulings of both the Illinois Motor Vehicle Review Board and the Cook County Circuit Court. Nissan retains the right to attempt an appeal to the Illinois Supreme Court.

The CATA will keep dealers up-to-date on any further developments. Both the CATA and the IADA submitted *amicus curiae*, or "friend of the court" filings by someone who is not a party to a case who offers information that bears on the case but who has not been solicited by any of the parties to assist a court.

A filing may take the form of legal opinion, testimony or learned treatise (the amicus brief) and is a way to introduce concerns ensuring that the possibly broad legal effects of a court decision will not depend solely on the parties directly involved in the case.

The decision on whether to admit the information lies at the discretion of the court.

Auto show

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Media Preview through opening day (Feb. 6-8), trending over the opening ceremonies of the Olympic games in Russia.

This year's show launched Instagram, Instagram Video and Vine this year and saw followers grow substantially throughout the show. The Facebook fan base grew by 81 percent; the Twitter fan base, 76 percent. Overall, the Chicago Auto Show garnered 21.5 million impressions. The show's official hashtag, #FuelCAS, proved popular on all social media channels, with nearly 89 million impressions.

Best of Show

For the ninth year, consumers proclaimed their favorites in five categories in the show's Best of Show balloting. In voting conducted over the show's 10-day public run, winners were:

- Best all-new production vehicle: 2015 Ford Mustang
- Best concept vehicle: Cadillac Elmira
- Best green vehicle: Cadillac ELR
- Best exhibit: Chevrolet
- Vehicle I'd most want in my driveway: Bugatti Veyron

First Look for Charity

Eighteen area charities shared in more than \$2.3 million raised by First Look for Charity, the Chicago Auto Show's benevolent event, and two attendees won a new Toyota.

Ed Burke of Naperville, who supports Misericordia, won a Corolla and promptly donated the car to the nonprofit. Chicagoan Mario Pacheco was eager to get the keys to his new Highlander. Both vehicles were provided by Toyota and your Chicagoland and Northwest Indiana Toyota dealers.

"First Look for Charity is a great instrument for the area's new-car dealers to show the positive impact that have on their community," said Kurt Schiele, proprietor of Elmhurst Toyota and chairman of this year's auto show.

Lease tax

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last May, but the General Assembly's spring session concluded without a House vote. Dealers should encourage their state representative to support the bill. The vote could be imminent.

The Chicago Automobile Trade Association and the Illinois Automobile Dealers Association have made several runs at the taxation change on long-term leases (more than one year), but revenue officials always focused on near-term shortfalls in tax collection over long-term gains.

Immediate gains would be seen in the current structure, under which dealers could not offer advance trade-in credits to their lease customers.

The changes are projected to increase state revenues \$14 million to \$28 million annually, based on forecasts of increased leasing activity. Lease transactions in Illinois currently are about half the number in nearby states. The revenue department's position on the bill is "neutral."

Gov. Pat Quinn has signaled support for the bill, which could take effect July 1.