



## 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](http://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:

Thursday, Sept. 6 at 12 p.m. CDT

**“Twitter for Car Dealers 101: How to Generate Site Traffic and Leads”** Get a primer on how to employ the marketing magic of Twitter to drive more traffic to your dealership website and create more sales and service leads.

SEE WEBINARS, PAGE 2

## Service departments get creative

**From running light-work operations to mining for car owners with potential repair issues, dealers find new ways to compete with independent and franchise auto shops.**

Dealers are using creative ways to mine for more service business from today's aging vehicle fleet.

The market for older, higher-mileage vehicles will grow and remain strong until at least 2015, data-cruncher R.L. Polk predicts.

Owners keep their vehicles longer than ever today: an average 71.4 months when bought new and almost 50 months when bought used. The average car on the road is nearly 11 years old.

Those longer ownership periods present opportunities for dealership service departments.

“The aging fleet — our average service customer has 65,000 miles on his vehicle — is a two-fold opportunity for us, both in service and

sales,” says Robbie Long, fixed-operations director at Raymond Chevrolet-Kia in Antioch and Ray Chevrolet-Suzuki in Fox Lake.

Long has put in place several new ideas to win more customer-pay business. For example, she began offering second-tier parts pricing through General Motors' aftermarket parts programs to make her shops more competitive with independent and national-chain service centers.

The dealerships also converted sections of the service departments into quick-service operations adjacent to the service drive and visible to customers.

More than lube-oil-filter outlets, these centers feature multiple lifts and multi-function alignment racks. Every vehicle enters the service process here from the write-up. Vehicles are inspected and alignment checked.

All light service work is done there. Heavier work is moved into the main shops.

SEE SERVICE, PAGE 4

## Webinars

CONTINUED FROM PAGE 1

If you are struggling with how to employ Twitter in your dealership marketing and promotion plans then this webinar is for you. Attend this session and you will have some great ideas about how to get started and then once up and running, how to use this remarkable marketing tool to capture and keep your customers. You will also learn:

- Why Twitter is a good fit for your dealership
- The big areas of opportunity for Twitter in car dealerships
- All about Twitter lingo, from Tweets to handles to hashtags
- How to navigate the Twitter online platform
- Practical tips on using Twitter to boost website traffic
- Practical tips on how to use Twitter to generate leads

Thursday, Sept. 13 at 12 p.m. CDT

**“How to Achieve & Maintain 100% Service Absorption”** 100+% service absorption, long the holy grail of dealership profitability, has been an elusive target for most dealerships. But the professionals at Nickelsen Partners have studied a number of dealership organizations where 100+% service absorption is the norm and not just an idealistic target that no one expects to hit. They consistently attain 100+% service absorption!

One of the things these dealerships have in common is that they went far beyond just setting a goal. Their strategic plan was re-engineered and the entire organization mobilized to achieve this previously difficult-to-attain profitability benchmark. Join us for this webinar presentation and learn how you too can attain 100% service absorption. You will learn

- Why 100+% service absorption is a worthy goal & why operating the business without undue pressure to sell additional units to remain profitable has many hidden benefits
- How to build your strategy by including the entire organization in the planning and implementation - It has to be an organizational goal, not just a fixed ops objective
- How to get the entire team “on board” and working to this objective
- The role ROI plays in a successful 100+% service absorption strategy
- How peer dealerships have employed “out of the box” thinking in their successful implementation of a 100+% service absorption strategy
- How to make 100+% service absorption a reality in your dealership(s)

The office of the Chicago Automobile Trade Association will be closed Sept. 3 to commemorate Labor Day.

## Buyers more satisfied with major automakers, list says

Customer satisfaction with major automakers has returned to its highest point in the nearly 20 years of the widely tracked American Customer Satisfaction Index.

The industry achieved an overall ranking of 84 out of 100, tying 2009 for its best-ever mark. The score also beat those of the U.S. government (67), banks (75), hospitals (76), newspapers (64) and software (77), but trailed credit unions (87), consumer electronics (85) and soft drinks (85).

Customers were happy in 2009 because vehicle prices hit rock bottom when the government’s cash-for-clunkers incentives launched during the depths of the recession. Prices have since rebounded, but consumers are still satisfied.

The ACSI measures three-year satisfaction among new-vehicle buyers. That is a much longer evaluation period than J.D. Power and Associates’ Initial Quality and APEAL studies, which measure consumers’ impressions only during the first 90 days after the vehicle purchase.

“The automakers are paying more attention to improving the quality of the vehicles themselves. This might be a little more real, a little more sustainable,” said David VanAmburg, managing director of the ACSI.

Six of the nine U.S. auto brands improved from 2011 to 2012. The Jeep brand rose from a score of 79 to 83, while Dodge edged up from 79 to 81. The Chrysler brand went from 76 to 78, but still ranked at the bottom of the industry.

“Obviously there are lots of indicators that Chrysler has been” improving, VanAmburg said. “Its financials have been showing that; its sales are up. They had such a gap with Ford and GM. They’ve closed that gap, but there’s still some ground to make up.”

Ford’s Lincoln brand, which is in the early stages of a makeover, had the best score at 90. But VanAmburg cautioned that its declining sales in recent years helped its score.

“What you’ll find is that precisely because a customer base is shrinking, the ACSI score can go up because essentially what’s left is your most-loyal, most-satisfied niche customer base,” he said.

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Review past editions dating to 1998 or search by subject at [www.cata.info](http://www.cata.info).

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## NADA convention registration opens with 'early-bird' special

By MARK SCARPELLI

CHICAGO METRO NADA DIRECTOR

Online registration and housing for the 2013 NADA Convention and Expo is now open. NADA members (dealers and managers) who register by Sept. 14 will receive a \$100 discount off the onsite registration rate.

The 96th annual NADA convention will be Feb. 8-11 in Orlando, Fla., at the Orange County Convention Center. The ATD Convention and Expo will once again run concurrently with NADA's.

With several conferences scheduled in Orlando next February, hotel rooms are expected to sell out fast. Convention attendees should register early to avoid missing out on booking the hotel of their choice.

Keynote speakers include John Krafcik, president and CEO of Hyundai Motor America; inspirational speaker Mark Kelly, a former NASA astronaut and space shuttle commander of Endeavour's final mission; NADA Chairman Bill Underriner; and incoming NADA Chairman David Westcott.

### In other news ...

- A House Appropriations Subcommittee voted July 18 to reinforce that service advisors, the frontline employee-salespersons in the service department, remain exempt from **overtime pay requirements**.

In 2011, the Department of Labor attempted to reverse its own 1978 opinion and roll back the longstanding exemption. The DOL is currently prevented from enforcing any change due to an identical restriction in the department's current funding law.

"House appropriators clearly recognize" said NADA Chairman Bill Underriner, "that it is counterproductive to alter existing overtime requirements for service advisors and then

expect dealers to create more employment opportunities.

"Reversing years of existing practice could force dealers to make potentially costly compensation and staffing changes."

- The NADA has formed a search committee to identify candidates for consideration as **NADA's next president**. The move follows the July resignation of Phil Brady, who accepted an executive position with Phillips 66.

Former NADA Chairman John McEleney is leading the search committee. After a round of meetings over the past couple of weeks, the NADA has hired a search firm to assist with the process. The NADA is expected to announce its next president by the end of this year.

The search committee includes NADA's current Chairman Bill Underiner; Vice Chairman David Westcott; past chairmen and current NADA board members Stephen Wade, Ed Tonkin and Annette Sykora; other board members Don Chalmers and Forrest McConnell; Kyle Treadway, past chairman of the American Truck Dealers; and Loy Todd, chairman of the Automotive Trade Association Executives.

The NADA's chief operating officer and chief financial officer, Joe Cowden, is acting as interim president of the association.

- The recent **spike in gasoline prices** of 38 cents a gallon had a minimal impact on used-vehicle prices through the first half of August, as compact and mid-size car prices continued to soften more than light trucks.

As has been the case since May, compact and midsize car depreciation was greater than for most other segments, but the respective 1.8 percent and 1.5 percent rate of decline was considerably less than the 2.9 percent

loss seen in July.

Although prices continued to fall, at least some of this firming can be attributed higher pump prices. The effect of rapidly increasing gas prices on light-truck segments was minimal.

Collectively, prices for utility vehicles of all sizes (compact to large) and large pickups barely slipped at an average of 0.3 percent. The exception to this group was the midsize van segment, where prices fell by a more substantial 1.5 percent. The primary culprit behind the segment's steeper fall was an increased number of 2012 model year versions of the Dodge Grand Caravan hitting the lanes.

Luxury cars and utility-vehicle prices also fell mildly, by 1.6 percent and 1.4 percent, respectively.

- Coming this fall, the **Advanced Parts Management Seminar** will be held at NADA's McLean, Va., headquarters from Oct. 15 to 19. NADA Academy instructor Chris Bavis will help attendees transform their parts department from the "black hole mystery" to improving profitability.

Each main topic on the following agenda encompasses a host of detailed subtopics, such as perfecting the mix, profit centering, knowing the customer needs, personnel techniques, deep dive into the DMS, case study and SWOT analysis and best practices.

To register, call NADA University customer service at (800) 557-6232. You also can reserve a seat in other upcoming Academy classes:

- Dealer Candidate Academy: Sept. 10 and Oct. 22; and
- General Dealership Management Academy: Sept. 17 and Oct. 8.

Department managers may enroll in any individual class week. For more information, visit [www.NADAuniversity.com](http://www.NADAuniversity.com).

## Auto loan delinquency rates at historic lows

One indicator of the status of our economy is the rate at which car owners are able to make payments or, rather, aren't. The delinquency rate — the rate at which owners can't get the check in the mail for their new car — has fallen to an all-time low, according to a Los Angeles Times report.

Credit report entity TransUnion began tracking this data in 1999, which it calculates as the percentage of borrowers 60 or more days past due. That rate for the second quarter of 2012 was recorded at 0.33 percent — down from 0.36 percent in the first quarter and a full 25 percent lower than last year.

Auto sales in the U.S. have risen 14 percent in the first seven months of

2012, to 8.4 million vehicles. Experts suggest it is a result of more relaxed credit conditions that allow buyers with poorer credit to purchase a new car. This trend eventually could result in the delinquency rate climbing back up.

"We are at such a low delinquency level" said Peter Tureck, automotive vice president for TransUnion's financial services business wing, "that a slight rise through the end of the year should be expected, though the overall rate will remain relatively low."

Which states have the highest delinquency rates in the country right now? That would be Louisiana, Mississippi, and Oklahoma, all of which are within the 0.55-0.60 percent range.

## Database to red-flag severely damaged cars

Dealers and consumers alike have a new tool at their disposal to safeguard themselves against buying a car that was previously wrecked and rebuilt.

A 2009 law requires insurance companies to share their data on totaled vehicles with a Justice Department database called the National Motor Vehicle Title Information System.

The database, which permanently flags severely damaged vehicles, can be accessed at [www.vehiclehistory.gov](http://www.vehiclehistory.gov).

About 720,000 cars a year are in crashes serious enough to be categorized as totaled or "salvage" vehicles, and that doesn't include flood-damaged cars.

## Service

CONTINUED FROM PAGE 1

Loaner cars specifically to support these quick-service operations are provided to customers who choose not to wait.

Long requires quick-service technicians to review inspection and alignment results with the customer. If tire-wear inspection shows replacement is in order, that is mentioned to the customer. Tire display racks are nearby.

The dealership has enhanced traditional marketing and coupon offers with customer database analysis to find owners whose vehicle mileage, service history and ZIP code make them ideal service candidates.

The centers quickly began to demonstrate their value to the bottom line, Long said. "We're on target to bring in another \$19,000 a month in labor and parts from these centers, plus we've increased

tire sales from 160 to 225 a month and growing.

"Overall, our quick service first-use rate has jumped from 39.4 percent to 72.9 percent."

At Hurley Chrysler-Jeep-Dodge in DeLand, Fla., dealer Brendan Hurley said efforts to win back owners of older, higher-mileage vehicles is adding up to 25 percent to his service work monthly.

"Every customer detail we need to identify these opportunities resides in Traffic COP," he says of an AutoSoft customer-relationship management feature.

Hurley parts manager Bob Torbitt, service manager Jeff Caruso and service advisor Kurt Serdari set CRM data-search parameters to help them build targeted lists of customers to contact.

"Profiting from the aging fleet requires us to be smart about noticing service patterns," Hurley said. "We then search the data to find the customers owning those

same makes and models.

Odds are they're having or likely to experience the same issues with their vehicles.

"Opportunities like this don't just slap you in the face," he says. "My advice is look for owners of cars in your database that are four to five years old. Find out the repair Achilles heel. For Jeeps with the 4.0L engine, for instance, it's the rear main seal. For PT Cruisers, it's the steering rack and the water pump."

Serdari, who once sold cars at the dealership, uses the COP software in his current back-end job.

"I've got all these customers to whom I sold cars, and now I can follow up and work them to bring them back as my service customers," he said. "This tool really helps me identify customers' service needs in a deep and thorough way."

Hurley sought to set competitive labor rates to attract new customers. "We

pay technicians a flat rate for these repairs, and find a cheaper source of parts to be competitive."

He sources second-tier priced parts from Mopar's Magneti Marelli. "It's 35 percent cheaper," said Hurley.

Dealerships offering a two-price strategy to compete with independent and chain operations are boosting business for firms such as Mighty Auto Parts.

"Our sales in 2011 were up 43 percent over the prior year, and the number of dealerships taking on our line was up 50 percent," said Dave Raphael, the firm's marketing director.

"We spent 40 years taking business from dealerships and now we're helping them get that business back," he said.

"As I travel, I noticed banners hanging from many dealerships announcing all-make-model repair, which indicates the hot button this opportunity is."