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FTC shares the basics of cybersecurity defenses for small businesses

Small business owners know that cyber criminals will steal data any place they can find it, whether it's from a global retailing giant or a Main Street store. That's why the Federal Trade Commission offers just-the-facts security advice tailored to the needs of dealerships and other small businesses.

At ftc.gov/cybersecurity, the FTC boils it down to a dozen need-to-know topics for small businesses. First up: Cybersecurity Basics, which sets the stage for steps companies should take.

Cybersecurity Basics offers practical tips on protecting a business's files and devices, securing wireless networks, and making smart security "business as usual" at the business. Among the topics reviewed on the FTC factsheet and video:

• Why apps, web browsers, and operating systems should be set up to update automatically

• What three key steps can help secure the company's router?

• What is multi-factor authentication and why should it matter to a business?

• How planning for the "what ifs" may help keep a business running even if a data breach is experienced

Another key component of Cybersecurity Basics is the importance of training company staff. The FTC's new materials — which the Small Business Administration, National Institute of Standards and Technology (NIST), and the Department of Homeland Security also are promoting — are purpose-built for in-house training or a series of staff meetings. The video can introduce employees to the importance of cybersecurity.

Dealers can boost revenue with mobility-as-a-service model

"... dealers will start to see revenue within 24 hours."

Dealerships can increase customer loyalty and profitability by tapping into the mobility-as-a-service model, or MaaS, according to an executive at HyreCar, which provides a platform that matches ridesharing-service drivers with car owners who want to rent out their vehicles.

MaaS is the integration of various forms of transportation into an on-demand service that allows a person to complete a trip. Mike Furnari, chief business development officer at HyreCar, said at a conference for finance managers that dealerships are getting into MaaS "as a way to rent vehicles, pull from their rental fee, and potentially flip that customer into a car sell."

Car dealerships, opposed to OEMs, have an advantage under this type of model because they offer a variety of vehicles and aren't limited to particular brands.

Revenue, Furnari said, also could be increased through servicing channels.

"The service department at a dealership absolutely loves a subscription for a car and ridesharing model because they have 100 percent customer retention," Furnari said. "They know that customer is coming back to that service manager."

The dispersed nationwide

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Economists say slowdown won't lead to recession

When the investor and issuer audience at ABS East was asked in October when the U.S. economy will enter a recession, 44 percent answered 24 to 36 months. However, chief economists challenged the audience's opinion, arguing that the chances of an economic slowdown turning into a recession are unlikely.

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New-car dealership employment, wages continue to rise: survey

Through the first half of 2018, the nation's 16,794 franchised new-car dealerships employed more than 1.1 million people, up 0.8 percent compared to same period a year ago, according to a new report released last month by the National Automobile Dealers Association.

"In addition to the direct employment provided by dealerships, more than 1 million other jobs in local communities are dependent on dealerships," said Patrick Manzi, NADA senior economist.

"NADA Data 2018: Midyear Report," a semiannual financial profile of new-car dealerships (selling domestic, import, luxury and mass-market brands), includes an analysis of dealership departments as well as retail-auto industry milestones through the first half of 2018.

In 2017, the annual payroll at new-car dealerships was $65.3 billion, up 2.2 percent from 2016, according to the most recent data available from the Bureau of Labor Statistics.

"For the past several years, dealership employees have seen steady increases in their incomes as well as in their total compensation," Manzi added. "Dealership jobs offer significantly higher compensation than other retail sectors, and dealerships continue to offer one of the highest average salaries of all industries."

The average annual earnings for employees at new-car dealerships was $71,916 a year in 2017, up from $69,784 in 2016, a 3.1 percent increase.

Americans remain highly skeptical of self-driving vehicles: J.D. Power

A large percentage of Americans (42 percent) said recently that they would not ride in a fully automated (self-driving) vehicle. About one in six (15 percent) said they don't think that a fully automated vehicle will ever be built.

Those are the key takeaways from a J.D. Power survey released in October at the Future of Auto Summit at the University of Michigan Transportation Research Institute. The "pulse" survey responses were gathered from 1,000 Americans on a survey containing just 12 questions.

Looking a bit deeper about Americans' belief in the technology, 18 percent of respondents said that a fully automated vehicle would be on the market in two years or less. One-third believe that such a vehicle will be for sale in two to five years, while 20 percent think development will take six to 10 years. Another 13 percent said it would take more than 10 years, and, as noted, 15 percent don't think such a vehicle will ever be available.

When asked what level of safety would be required before they would ride in a self-driving vehicle, 45 percent said the vehicle would have to be 100 percent safe with a 0 percent error rate, and 38 percent said they wouldn't ride in one regardless of the safety rating. A mere 2 percent said they'd ride in the vehicle without any safety testing.

Most respondents (40 percent) said there was no organization they would trust to conduct safety testing on self-driving cars. The Insurance Institute for Highway Safety would be trusted by 29 percent of respondents, while 12 percent would trust the manufacturers, and just 9 percent would trust the government.

There's a reason behind this skepticism. More than half (54 percent) of respondents said automakers are interested in self-driving vehicles in order to sell more cars. Among those less skeptical of automakers' motives, nearly as many (45 percent) said manufacturers were interested in self-driving cars to promote innovation.

Tech companies are viewed as wanting mostly to sell more technology (64 percent), while only 23 percent of respondents said that tech firms were interested in increasing auto safety. More than half (59 percent) said insurance companies are interested in self-driving cars so that they can sell more insurance.

As for the government? Nearly half (48 percent) said the government was interested in order to increase transportation revenues.

MaaS

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network of dealerships makes them ideal for MaaS, Furnari said, adding that dealers could see quick payouts from mobility services.

"Dealers have the most to gain in mobility future right now," Furnari said. "Pick a car-sharing company, test it with one car, [and] dealers will start to see revenue within 24 hours."

The MaaS concept was created in Finland, where it now plays a key role in the nation's transportation policy.

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S&P/Experian report lower defaults on auto loans

Despite worries about auto affordability, U.S. consumers are financially in good shape on average, and one important measure — the default rate on auto loans — improved in September, according to the latest data from the S&P/Experian Consumer Credit Default Indices.

"The consumer's financial position generally looks very good," said David M. Blitzer, managing director and chairman of the Index Committee at S&P Dow Jones Indices. "We don't see any huge issues coming up." The indices are jointly developed by S&P Dow Jones Indices LLC and Experian.

For auto loans, the default rate was 0.89 percent for September 2018, down from 1.05 percent a year earlier. For the purposes of the report, auto loan defaults are defined as accounts that are 90-plus days overdue.

The decline in defaults is good news for auto lenders and consumers. Analysts are keeping an eye on auto finance, to see whether consumers can continue to keep up with rising sticker prices and rising interest rates.

So far, a common strategy is for consumers to take out longer-term loans, such as 72 months or even 84 months. According to Experian Automotive, the average new-vehicle loan term was 68.8 months in the second quarter of 2018, the latest quarter for which detailed data was publicly available. That was flat compared with a year earlier.

Meanwhile, interest rates are slowly rising, which makes it harder to keep monthly payments affordable. The Federal Reserve has hiked rates six times since 2016. The latest increase was Sept. 26, increasing the federal funds rate to a range of 2 percent to 2.25 percent.

The average new-vehicle loan payment hit a record $525 in the second quarter, up 4 percent from a year earlier, Experian Automotive reported.

The S&P/Experian Consumer Credit Default Indices report also tracks other forms of consumer credit, including credit cards and mortgages.

NADA: Affordability must guide path to improved fuel economy

By Peter Welch
NADA President & CEO

The year 2018 has been another one of shattering records in the auto industry. Unfortunately, many of these records are not the kind anyone wants to see broken.

The average monthly payment for a new vehicle hit an all-time high in March, only to reach another all-time high three months later. According to Experian, as of June the average monthly new-car payment stood at $525, which is a $20 year-over-year increase.

Ever-rising monthly payments are the number-one concern for car buyers today. But it's not just monthly payments that are breaking records. The average loan amount for a new-vehicle purchase also reached new highs in 2018 and is now nearly $31,000.

Down payments also are at record levels. In December 2017 the average new-vehicle down payment reached an all-time high of $4,056, an increase of 5.9 percent from the end of 2016, according to Edmunds.

Clearly, Americans are doing everything they can — beyond simply borrowing more — to try to keep pace with the rising cost of new vehicles. And these rising prices are driving folks into used vehicles.

During the Great Recession in 2009, franchised dealers sold 1.09 new vehicles for every 1 used vehicle they sold. By 2015, at the peak of our recent boom cycle, the ratio had risen to 1.35 new vehicles for every used vehicle sold.

Today, that ratio is back down to 1.18 new-to-used, which means that even with the economy humming, low unemployment, increasing wages and steady consumer confidence, the ratio of new-to-used vehicles sold is approaching levels not seen since the Great Recession.

The trend toward used-vehicle purchases should be setting off some alarm bells. Not in Detroit or in the executive offices of auto companies around the globe; they have been anticipating this.

The alarms should be going off in Washington, D.C., especially in the offices of the NHTSA and the EPA. Because only through the sale of new vehicles can any of our fuel economy or vehicle emissions public policy goals actually be achieved.

Losing sales means stalling mpg progress

For many years during the debate over fuel economy and emissions mandates, regulators failed to recognize that new-vehicle customer decision-making is not just critical, but ultimately solely responsible for the real-world success of these mandates.

Why? While federal fuel economy (CAFE) and vehicle emissions (GHG) mandates force the OEMs to make and deliver more efficient light-duty vehicles to dealers, the law does not mandate the sale of those vehicles.

And retail purchasers have other options other than buying new. They can elect to drive their existing vehicles longer, or they can turn to the used-vehicle market.

Keyless start, turbocharging top list of new cars' most popular features

The only thing that is constant, Greek philosopher Heraclitus once said, is change. Automakers follow that mantra by continually making changes in vehicles.

The changes can be technological breakthroughs, such as the automatic emergency braking systems that are increasingly becoming standard on new cars. Some changes are mandated, such as the federal requirement that all vehicles have backup cameras, which took effect in May.

At times, the shifts reflect consumer electronic trends. Cassette players in cars gave way to in-dash CD systems, which started disappearing from cars when Bluetooth streaming music arrived.

Many of these feature swaps don't get a lot of fanfare, and some consumers might not always realize what's come and gone until they shop for a new car. Here's an overview.

IN: Keyless start

This feature is often paired with a keyless access system that allows entry into the car without pushing any buttons on the key fob. Early on, some owners forgot to shut off their cars in attached garages, leading to more than 24 cases of carbon monoxide poisoning since 2006, according to the New York Times. Newer systems do a better job of alerting the driver if the key moves too far away from the car while the engine is still on.

OUT: Keyed ignition

In 2008, keyed ignition systems were standard in 89 percent of new cars. Now, they're in just 38 percent.

IN: Stop-start technology

This system started in hybrid cars and is designed to shut off the engine when the driver comes to a stop, saving fuel and reducing emissions. The engine starts itself again once the foot is off the brake.

OUT: Engine idle

In 2008, just 3 percent of new vehicles had stop-start as a standard feature. For the 2018 model year, it's up to 40 percent.

IN: Turbocharged engines

In 2018, they are standard on 45 percent of vehicles.

OUT: Naturally aspirated engines

Even trucks, once associated with large, non-turbocharged V-6 or V-8 engines, are turning toward smaller turbo V-6 and four-cylinder engines.

IN: Xenon and LED headlights

It's quite a light show in cars today, with these newcomers fighting for dominance. Xenon lights are brighter and last longer than traditional halogen bulbs. LED lights do even better in brightness and longevity than Xenons. The real selling point for carmakers is that LED lights consume less power and can be configured in more unique shapes.

In 2008, 24 percent of vehicles came standard with xenon or LED headlights, according to Edmunds data. It's up to 51 percent for the 2018 model year.

OUT: Halogen bulbs

They were dominant for decades, but use of halogen headlights has dropped by 27 percentage points over the past 10 years.

IN: Tire inflator kits

In 2009, these kits were standard on just 5 percent of vehicles. They are standard on 23 percent of 2018 models. The kits save vehicle weight and allow for more usable trunk space.

OUT: Spare tires

Run-flat tires are another non-spare solution.

IN: Digital instrument panels

Users can customize digital instrument clusters and carmakers can configure them to display more information.

OUT: Analog gauges

They take up too much space for their single-purpose uses.

IN: The electronic parking brake

A button push applies the parking brake

OUT: The manual parking brake

Say goodbye to the hand lever or the foot pedal. Their absence gives carmakers more room in the vehicle console or footwell.

Slowdown

Continued from Page 1

"Recessions are very rare," said James Sweeney, chief economist and regional chief investment officer for the Americas at Credit Suisse. "In the U.S., we've had three since 1982. Now, when I look at the balance sheet fragilities in the [different sectors], I don't see a high likelihood of interaction between balance sheet problems and growth that is going to turn an ordinary slowdown into a full-fledged recession."

The industry knows the Federal Reserve plans to keep raising rates, and lenders should be concerned about other vulnerabilities such as "where capital is being raised and where that is falling into corporate means," said William Lee, chief economist at the Milken Institute.

The shifting economy toward private financing is going to be the challenge of tomorrow, Lee said, noting that the U.S. financial systems are going more toward private finance, while public finance will be for large, established companies.

"How do we detect the balances?" Lee asked. "Each of you knows what's going on in your fields, but no one on the regulatory side or policy side can look at [your business] for vulnerabilities that led to 2008. I'm not saying there are any, but the fact that no one knows or seems to know is what scares me."