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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:

Thursday, March 8 at 12 p.m. CST

“Online Lead Generation: Tips for Improving Lead-Efficiency & Improving Your Aim” Get tips to improve the Conversion Rates from your dealership’s websites with free tools and tactics!

Some dealers still spend a lot of money for a steady

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Show underscores better times

If the 10-day run of the 2012 Chicago Auto Show is any indication of where the nation’s immediate economic future is headed, Americans can look for an uptick led by the automotive sector.

Enthusiastic crowds swelled attendance, and area dealers awaited what subsequently is regarded as the launch of the dealers’ spring selling season. The only thing lacking was snow.

“We felt a surge long before we opened the Chicago show’s doors,” said Dave Sloan, general manager of the annual show held at the mammoth McCormick Place convention center on the shores of Lake Michigan.

“Our pre-show sales were in excess of 200,000 tickets.



That’s simply amazing, and it led us to believe we were going to be in for a good year for our exhibitors, and for our dealers once the show closed its doors.

“The region was blessed with cooperative weather, too, which helped drive the nation’s largest auto show to its most successful finish since 2008. The first weekend of our show usually finds the area’s new-car dealer showrooms a bit light. But by the

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New Chicago Auto Outlook reviews January sales

The latest issue of Chicago Auto Outlook tracks January new-vehicle sales in the eight-county CATA area. Read it online at www.cata.info.

On the blue bar across the top of the screen, click on Publications, then follow the drop-down menu to Chicago Auto Outlook.

Auto loan rates fall to 4-year low, bolstering U.S. car sales

Lenders are charging U.S. car buyers the lowest interest rates in at least four years, researcher Experian Automotive reported Feb. 23, as fewer borrowers fall behind on their payments. The lower rates are supporting demand for new vehicles.

The average interest rate for a new-vehicle loan fell to 4.52 percent in the fourth quarter, according to Experian, a rate drop from 4.84 percent a year earlier and the lowest since Experian began tracking the figure in 2008.

Financial companies are boosting lending in the automotive industry after U.S. light-vehicle sales climbed to 12.8 million last year, the second consecutive annual increase of at least 10 percent, researcher Autodata Corporation wrote. The Federal Reserve in January committed to holding short-term rates near zero through at least 2014.

“The improved automo-

tive lending market is good news for consumers in market to buy a vehicle,” said Melinda Zabritski, Experian’s director of automotive lending. “With delinquencies and total dollar volume at risk down, lenders have been able to adopt more aggressive strategies.”

The balance of loans to borrowers who fell behind on auto payments by 30 days declined to \$15.1 billion in the fourth quarter, down 8 percent from a year earlier and about 28 percent lower than at the end of 2009, according to Experian. The balance of 60-day delinquent loans decreased to \$3.48 billion, a drop of 14 percent from a year earlier and 39 percent from 2009.

Buyers whose credit is nonprime or worse accounted for 23 percent of the new-vehicle financing market in the fourth quarter, up from less than 20 percent a year earlier, Experian reported.

Webinars

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stream of leads provided by third-party lead generators. But more money spent does not necessarily result in more sales. There is a better way to improve lead-efficiency at your website and how your online marketing targets likely prospects. Learn a process for developing re-targeting and pay-per-click campaigns for your dealership’s website.

Thursday, March 15 at 12 p.m. CDT

“How to Evaluate Parts Department Performance: A Consultant’s View” Dealership general managers tend to know only two numbers about the parts department: the gross turn ratio and month’s supply. But those two numbers are misleading. What dealers and GMs don’t know is the real efficiency of their parts operations. Both GMs and parts managers need to know things like the level of NS parts and the gross profit margin by sales type.

BBB seeing dealer ad infractions

The Chicago office of the Better Business Bureau, which examines local dealer advertising under the BBB-CATA Advertising Review Program, reports seeing recent advertisements in which different fees or costs to consumers are being deducted wrongly from the advertised prices of automobiles. The BBB contends advertised prices were reduced by excluding specific down-payment amounts, specific trade-in amounts, freight charges and simply “other fees.”

The omissions are an infraction of Rule 475.310 of the Illinois Motor Vehicle Advertising Regulations, which states that the advertised price of a motor vehicle must include all costs to the purchaser that are necessary or usual prior to delivery including delivery charges, dealer preparation and any other charges of any nature.

Taxes, license, title and a documentary service fee can be deducted from the advertised price as long as the advertisement clearly discloses that those fees are excluded from the advertised price.

Patricia Kelly, the BBB’s senior counsel, said: “We want to remind dealers and their advertising agencies that the only amounts that can legally be deducted from the advertised price are taxes, a license fee, a title fee and a documentary service fee. Any other amounts are illegal attempts to lower the advertised prices of automobiles as compared to the prices being offered by competing dealers.”

Kelly added: “The goal of the BBB-CATA advertising review program is to level the playing field in fairness to all dealers so that all can fairly compete. The current economic temperature makes that goal even more important.

“The BBB wants to ensure that all dealers are adhering to truthful and honest principles in the advertisement of automobiles. With that goal in mind the BBB reminds all dealers to carefully examine their advertisements to ensure that only the amounts set out in Rule 475.310 are deducted from the advertised prices.”

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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.

David E. Sloan
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President, Publisher
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5 trends in automotive electronics

Cars today essentially are rolling computers, as automakers strive to keep abreast of the latest in the digital world; they know drivers will want to see it replicated behind the wheel. So what's next?

John Kispert is chief executive of Spansion, a Silicon Valley company that specializes in bringing memory to computer systems, especially those inside cars. Kispert offers five big predictions about how the next few years will bring more changes in the electronics of cars.

1. The glass cockpit Faux instrument panels are becoming common enough that they are reaching down into cars like the \$15,995 Dodge Dart, coming to showrooms this spring. But Kispert thinks the phenomenon is going to go a lot further.

He thinks automakers will be inclined to go digital with all the major instruments in cars. In essence, they would create a "glass cockpit" like the ones found in the latest commercial aircraft.

2. Driver Assistance The car will be smarter than the driver. Radar and other sensors will warn about unseen hazards and stomp on the brakes if the driver won't.

3. Gesture and voice recognition Cadillac is bringing gesture recognition to cars with its CUE system in the new XTS and ATS. As the driver's hand approaches the navigation screen, the screen lights up. And waving a hand will allow the driver to control what information is visible or not. And voice recognition can only get better.

4. Better engine control Cars already are controlled by computers.

But engine management systems will get more sophisticated. Ford recently showed how a car's computers can sense the drive and adjust the engine accordingly. If a daily commute takes the vehicle on crowded city streets, the car knows that, and it makes the engine use less gas, for instance.

5. Black boxes Toyota's troubles a couple of years ago underscored the role that data recorders can play in trying to figure out if there is something wrong with the car, or the driver. In Toyota's case, the car's black boxes were being tapped to see if cars had an unwanted acceleration problem, or if drivers were at fault. Kispert thinks black boxes will play a bigger role in showing drivers how they can handle the car more efficiently, saving more gas.

Dealers should consult tax practitioners about UNICAP safe harbors offered by IRS

Revenue Procedure 2010-44, issued by the Internal Revenue Service in 2010, created two optional safe harbor methods of accounting for motor vehicle dealerships. If properly elected and applied, the safe harbors permit dealers to (a) deduct, instead of capitalize, certain costs related to their inventories, and (b) significantly simplify their computation of these costs known as Uniform Capitalization, or UNICAP.

If qualifying dealers elect the safe harbor methods of accounting for their first or second tax year ending after Nov. 9, 2010, when the procedure was implemented, they may do so without

having to consider most of the potential restrictions that apply to automatic method of accounting changes. Consequently, for dealers whose tax year corresponds with the calendar year and who did not elect these methods for the 2010 tax year, they should speak with their tax practitioner soon about whether they should elect the UNICAP safe harbors for the 2011 tax year.

The election is made on IRS Form 3115. For more information, consult summaries of the revenue procedure by the IRS Motor Vehicle Technical Advisor and the National Automobile Dealers Association.

An exciting indicator

In terms of the average American's wage today, a new car has rarely been more affordable, and it is getting even more so, according to a long-compiled index by Comerica Inc., a Dallas-based banking company.

In the fourth quarter of 2011, it took 23.1 weeks of median family income to buy the average new car. That figure is the smallest it has been since the third quarter of 2009. Even in the better economy of the late 1990s, American families spent 29 to 30 weeks of income to purchase the average new car.

New cars, in other words, are within reach, and that's a positive sign for automakers and the broader U.S. economy. Unlike simpler statistics—average new-car cost or the unemployment rate—Comerica's figure accommodates changes in consumer confidence and tastes. Recent stronger job creation in the U.S. and falling personal debt mean that households increasingly are willing to assume a reasonable amount of debt to buy an attractively-priced car.

Scam alert

An area Honda dealer reported receiving a \$189.81 invoice from Public Safety Advertising Agency, a company with which the dealer does no business. The invoice lists no telephone number to contact, merely a post office box in Greenville, Texas, to send payment.

An Internet search of the agency provided no contact details.

Auto Show

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second weekend, consumers are making decisions on where they're going to spend their money, and showroom traffic and purchases spike."

Consumers are poised to take advantage of the show's resultant buzz and hit dealerships with a fury. Special auto show bonuses are "found-money" incentives available only during and immediately following the show.

Industry readiness

"The age of the nation's fleet is older than it's ever been, nearly 12 years," said 2012 show Chairman Steve Foley Jr. "Increasingly, people not only want new cars, they need to replace what's in their garages."

High gas prices usually hurt new-vehicle sales. But in an odd twist, the industry appears poised to capitalize with a broad selection of fuel-efficient internal combustion engines, hybrids, plug-in hybrids, and all-electric vehicles.

"Old technology in the driveway and high prices at the pump could send consumers running to showrooms for more fuel-efficient vehicles," said Foley.

'Best of Show' voting

Thousands of consumers proclaimed their favorites in five categories in the Chicago Auto Show's seventh annual Best of Show balloting.

In voting conducted over the 10-day public run of the nation's biggest auto show, winners in the contest's five categories were:

- Best All-New Production Vehicle: **Ford Shelby GT500** (23 percent of vote)
- Best Concept Vehicle: **Lexus LF-LC** (30 percent of vote)
- Best Green Vehicle: **Chevrolet Volt** (24 percent of vote)
- Best Exhibit: **Jeep** (29 percent of vote)
- Vehicle I'd Most Like to Have in My Driveway: **Ford Shelby GT500**

"Best of Show voting," said Foley, "has become a benchmark measure,

and winning in any category is quite meaningful for our manufacturers and exhibitors. In a year in which attendance increased yet again and we boasted four indoor test tracks and five outdoor test drives, consumers had a better chance than ever before to weigh the competitors and let their voices be heard.

\$25,000 in salespeople awards

Effective salespeople from area dealerships netted a combined \$25,000 under the show's Award for Customer Excellence program. Salespeople were evaluated each day by incognito judges who rated the salespeople using various criteria. Prize amounts were \$150 weekdays at the show and \$200 on weekends.

In all, 138 prizes were awarded. Nine salespeople won the award twice during the show and three—**Ed Kucic Jr.** of Ettleson Cadillac-Buick-GMC in Hodgkins, **Thomas McClain** of South Suburban Mitsubishi of Monee, and **Brian McHugh** of Napleton's Park Ridge Mitsubishi—won three times.

Food drive nets 10 tons

Late weekday crowds benefited A Safe Haven by contributing more than 20,000 pounds of canned food. The CATA extends a \$4 discount off regular adult admission to those who bring three cans of food to the show Wednesday through the second Friday.

"Food drives tend to center around holiday seasons, but hunger is a dilemma that goes on year-round," said Sloan, the show general manager and president of the CATA. "It's the belief of the CATA board of directors that we can help those in need by offering this weekday discount to show patrons."

That's a wrap

Foley said the Chicago show doesn't offer an indicator of the local auto market alone. "It foretells the return of the entire economy," he said.

"If you look back at just about any recession our economy has experienced since World War II, it was the automotive sector the led it back," said Foley.

"Let's hope that trend continues."

AIADA installs 2012 officers at convention

The American International Automobile Dealers Association inaugurated Missouri auto dealer Ray Mungenast as its 2012 chairman. Mungenast took over the position during the AIADA's 42nd annual Meeting and Luncheon, Feb. 6 in Las Vegas, Nev.

"At some level, we all want our businesses to be our legacies. We want people to remember us for the jobs we created, the customers who trusted us, and the communities we helped build. We want our names to last on the stores we opened and the charities we founded. We want to be remembered for what we stood for, and for what we stood against," said Mungenast. "In 2012, we will all have the opportunity to stand together as leaders and add to that legacy."

Mungenast is president of the St. Louis-based Mungenast Automotive Family, which he operates with his brothers. The dealership group includes Acura, Honda, Hyundai, Lexus, and Toyota franchises, as well as a motorsports store.

Other 2012 officers of the AIADA include Jim Smail, immediate past chairman (Greensburg, Penn.); Jenell Ross, chairman elect (Centerville, Ohio); and Greg Kaminsky, treasurer (El Cajon, Calif.).

Mungenast has been a member of the AIADA's board of directors since 2008. He also has served in a variety of leadership roles in the automotive industry, including as chairman of the Automotive Free International Trade Political Action Committee from 2000 to 2002; and as a member of Acura's Dealer Product Advisory Committee.

Also Feb. 6, the AIADA recognized Rick and Rita Case with its 2012 David F. Mungenast Lifetime Achievement Award. The award is named after the late AIADA chairman and father of this year's chairman. The Cases own the Rick Case Automotive Group.