



CATA Bulletin

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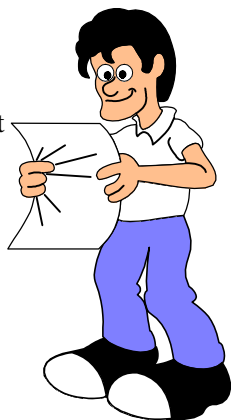
January 6, 2003

Index of 2002 CATA Bulletins enclosed

A pullout index of all items that appeared in last year's editions of the CATA Bulletin is included with this edition.

Keep the index in your CATA-issued three-ring binder for 2002, as a handy reference.

Past newsletters also can be accessed at www.cata.info, the Internet site with helpful information for association members. Review entire editions, or use the keyword search for topic-specific articles.



CATA radio ad campaign spotlights dealer service departments, used-car selections

Radio commercials that tout Chicago area new-vehicle dealers as the best source to buy used vehicles and to service vehicles began airing in late December, in a campaign conceived and funded by the CATA.

The spots this year are scheduled to air the first two weeks of each month, thereby setting the table for the majority of dealer group and individual dealer messages, which air more heavily toward a month's end.

One spot, titled "The Lullaby," portrays a father singing to his daughter at bedtime. To the daughter's chagrin, the lullaby is repeated nightly: Trustworthy, factory-trained technicians make the area's dealers the best place to have cars and trucks serviced. The father also praises dealers for using genuine factory parts, for fixing vehicles on the first visit, and for competitive prices.

Another spot, "The Song," lauds the prices and selection of used vehicles at new-vehicle dealerships. Both spots fade with the jingle that new-vehicle dealers offer customers "a great deal and a great deal more," and instruction to use DriveChicago.com to find a nearby dealer. All CATA member dealers are listed on the Internet portal.

Consultant Mike Hillstrom of Select Marketing Group joined eight dealers who sit on the committee that devised the campaign: John Guido (Arlington Heights Ford); William Hawkinson (Hawkinson Ford in Oak Lawn); Jeff Jacobs (Jacobs Twin in Chicago); Art Kelly (Kelly Nissan, Oak Lawn); Kevin Mize (O'Hare Honda); John Phelan (Jack Phelan Chevrolet, Lyons); Dan Roesch (Roesch Dealer Group, Bensenville); and Casey Wickstrom (Wickstrom Chevrolet, Roselle).

Help promote the show!

Auto show perks, other materials coming to help CATA members in '03

All members of the Chicago Automobile Trade Association in good standing will receive materials this week to help them in the coming year and to help publicize this year's Chicago Auto Show, Feb. 14-23 at McCormick Place. It's your show; please promote it.

Packages sent Jan. 3 via United Par-

cel Service to dealer principals and company presidents include the following:

- 1 CATA-member 2003 window decal;
- 1 three-ring 2003 CATA Bulletin binder; and
- 1 form to photocopy to order free supplies of odometer statements, used-

car buyer's guides, used-car limited warranty statements, and emission control equipment statements.

And, to promote the 2003 Chicago Auto Show, the shipment includes:

- 4 Chicago Auto Show easel cards;
- 2 Chicago Auto Show posters;
- 1 First Look for Charity poster;

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Area's AYES program embarks on the new year with momentum

With so many vehicles on the road in Illinois, particularly in the Chicago area, the need for new technicians is a growing concern. Automotive Youth Educational Services attempts to meet that need by working with area high school automotive programs to place qualified students in entry level technician positions.

Three years ago, when AYES launched in Illinois, the initiative's success was uncertain. As with all programs, there is a learning curve. The schools have tightened their requirements for qualified students to secure an internship, and dealers have realized that AYES offers them a chance to "grow their own" employees.

The future of AYES appears bright locally, thanks to funding from the Chicago Automobile Trade Association, the Illinois Automobile Dealers Association and the National Automobile Dealers Association.

Four area high schools participate in AYES: Currie Metro and Farragut Career Academy, both in Chicago; Lake County Technical Center in Grayslake; and Technology Center of

DuPage in Addison. Since 2000, the schools have placed almost 70 students at area dealerships.

Jim Butcher, the state's AYES manager, said he hopes to place 60 more students into area internships this year. "Sixty students will about max out the four participating schools," said Butcher, who keeps an office at the CATA.

"The dealer group is beginning to turn out for this program. We are seeing some real positive responses to our students," Butcher said. "I haven't spoken to any service manager who is unhappy with one of our AYES students."

Butcher's tasks include helping more high schools to gain AYES certification, usually a two-year process. He also interacts with dealerships and the students and their parents.

"Our children grow from an early age with a desire to become policemen and firemen. Why? Because the school system does an excellent job of taking the children on field trips to police and fire stations," Butcher said.

"The question for our industry is, Why aren't these children out visiting dealerships?"

CATA offices closed Feb. 7-24 for auto show; order any supplies now

The offices of the Chicago Automobile Trade Association will close in Oakbrook Terrace Feb. 6 and not reopen until Feb. 25.

Far from taking a two-week cruise, the CATA staff will be relocated to McCormick Place to produce the 2003 Chicago Auto Show.

Because the CATA office will be closed, association members must make the following adjustments:

- Dealership personnel responsible for securing any forms provided by the CATA—odometer statements, used-car

buyer's guides, used-car limited warranty statements and emission control equipment statements—must place orders by Feb. 4 to ensure the orders can be processed by Feb. 6. Don't be caught with an empty supply shelf.

- Responses to faxed requests for license plate information will not be possible. For information in the interim, call the Illinois Secretary of State's dealer inquiry service at 217-782-6877.

- Meeting rooms at the CATA will be inaccessible during February.

Calls to the CATA office during the auto show will automatically be forwarded to the CATA staff at McCormick Place.

Materials

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- 2 CATA member tickets valid for admission throughout the auto show;

- 50 Employee Appreciation Day admission tickets, valid Feb. 14 and 17; and

- 200 tickets valid for half-price admission any weekday of the show, to offer to customers.

Don't forget to **purchase** additional admission tickets to the auto show as well as any First Look for Charity tickets that may traditionally have been supplied by functioning dealer line groups and advertising associations.

Any member in good standing who does not receive the UPS shipment by Jan. 17 should notify the CATA. The shipments are trackable, to help resolve problems.

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The CATA Bulletin is published and mailed every other Friday except during the Chicago Auto Show, when it is not published.

Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full résumé to the Editor.

Review past editions at <http://cata.drivechicago.com/>

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NADA forecast: End of luxury tax should spur auto sales in 2003

The elimination of the federal luxury tax on automobiles on Dec. 31, 2002, likely will save consumers more than \$200 million a year and should increase demand for those vehicles that sell for more than \$40,000, according to an NADA news release.

Paul Taylor, chief economist for the NADA, said 2002's 3 percent tax rate

applied to selling prices over \$40,000—the final thresholds in a six-year phase-out of the tax—added \$1,200 to the cost of many high-end luxury cars and SUVs.

“That amount coming off the transaction price in 2003 provides an impact of nearly the same magnitude as a \$1,200 cash rebate,” Taylor said.

“Just as cash rebates and other incentives helped luxury car sales in 2002, the repeal of the luxury tax should help boost sales in 2003,” he said.

An estimated 700,000 vehicles purchased in 2002 were subject to the luxury tax. The tax generated more than \$4 billion since its inception in 1991.

Friday breakfasts in the service department can heat up a slow day

Many small improvements which are considered are not enacted because management thinks they won't have much of an impact. But many small improvements can add up to big increases in productivity and profitability.

One dealer at an NADA 20 Group meeting said he considered ways to build traffic in his service department on Friday mornings, since it seemed to be the slowest period of the week.

“We had an idea to start having breakfast from 7:30 a.m. to 10:30 a.m. This was a big hit with the customers.

They loved the extra attention, and it took their minds off their cars being serviced,” the dealer said.

“We advertised in the newspaper, and customers spread the word to others about the experiences they had. Our Friday morning appointments went sky high, it was easy to do, and it cost us less than \$100 a week.

Consider the following menu:

ABC Motor's Diner

- Two eggs, grits and toast
- Fried egg and cheese sandwich on a hard roll

- Toast, bagel or English muffin
- Oatmeal with milk
- Coffee

It pays to look around the dealership, ask employees, and enact a few low-cost ideas to increase customer traffic. Measuring the results can confirm that small changes can make big differences.

This submission was excerpted from “Ideas 2002,” produced by the NADA 20 Group staff. For information on joining an NADA 20 Group, call 800-252-6232, ext. 3.

Sales incentives forecast to decrease, crossover vehicle popularity to rise

Automotive executives are less confident about the overall industry's return to the profitability levels of 2000 compared with survey results of a year ago, pushing a recovery back at least two years, according to a survey released Jan. 2 by KPMG LLP.

In a global study, 30 percent of automotive manufacturers and suppliers said they expect industry profitability levels of 2000 to return by 2005 at the earliest. In the same survey last year, 36 percent foresaw better profits in 2003, while another 24 percent thought greater profit levels would arrive in 2004.

“It's obvious,” said KPMG's Brian Ambrose, “that the executives no longer see profitability rebounding any time soon, both as a result of the eco-

nomic downturn and of consumers' expectations for rebates, special pricing and other financial arrangements.

“Right now, North American manufacturers are in a transition phase and, over the next few years, plan to roll out dozens of models with exciting styling and new technology. They are banking that those new vehicles will recapture the eye of the consumer, returning them to profitability and making zero-percent financing a thing of the past.”

Extensive use of zero-percent financing and other sales incentives have affected recent profits of U.S. automakers. Just 48 percent of survey respondents expect an increase over the next five years in the use of sales incentives for car buyers. That figure contrasts with 63 percent in the 2001

KPMG survey.

Ambrose said that so much focus on zero-percent financing and other discounts by domestic brands has created a message of pricing and not new product innovation.

In other forecasts, 73 percent in the survey said crossovers will increase in market share over the next five years, compared to 58 percent in last year's survey.

“Consumers continue to refine their driving preferences,” Ambrose said. “A lot of people have been driving sport-utility vehicles, but prefer the ride of a car. It appears that automakers are listening.”

Safety was seen as the most important area for product innovations over the next five years, as it was in 2001.

State's supreme court to hear case involving local dealer

A dealer facing a lawsuit from a customer offers a settlement amount that the customer rejects. When the case proceeds to trial, the judge orders damages against the dealer that are less than the dealer's pre-trial offer.

In a case that will be heard by the Illinois Supreme Court, the customer in that

scenario would be liable for the dealer's attorney fees. The CATA and the Illinois Automobile Dealers Association are helping to fund the court action.

The case would discourage aggressive attorneys from churning cases in order to escalate their fees, without good-faith efforts to settle cases.

CATA readies for new session of Illinois General Assembly

The Chicago Automobile Trade Association and its lobbyists are preparing for the new session of the state's General Assembly, which convenes next week, to petition for legislation that would benefit CATA dealers.

One matter dealers have discussed pertains to a law that took effect last week, wherein a driver's insurance is primary on loaner vehicles. Previously, a dealer's insurance was primary both for loaners and test-drives.

However, the new law indicates that a dealer's insurance reverts to primary status if the driver's insurance policy does not carry a 100/300/50 liability minimum (\$100,000 for bodily injury or death of any person; \$300,000 for bodily injury or death of any two or more persons in one accident; and \$50,000 for property damage).

The state's current minimum insurance amounts are

20/40/15.

Some dealers have indicated they could be hampered by the 100/300/50 minimum stipulation because insurance coverage amounts do not appear on drivers insurance cards, and few drivers can readily recite their coverage limits.

Lobbyists for the CATA said they might appeal for a reduction to state liability minimums so that it is clear whose insurance is primary if an accident occurs involving a loaner vehicle.

Any bills to be considered during this year's session of the General Assembly must be submitted in January or February. If CATA dealers have a matter they believe can be resolved by legislation, they should contact the association this month.

Lobbyists have cautioned that 2003 may be a challenging session with a new administration in the governor's mansion.

Auto show ACE judges needed

Dealers and their general managers will be solicited in the next week to participate as judges in the Chicago Auto Show's Award for Customer Excellence program. The ACE judges evaluate salespeople at all vehicle exhibits and recommend the top salespeople for \$100 cash prizes.

The incognito judges consider (1) the salesperson's initial impact, such as attitude, personality and interest in

the customer; (2) courtesy, such as asking the prospect's name and referring the prospect to a convenient dealership; (3) the sales presentation itself; and (4) the overall impression made. The prize can be won by only one salesperson a day at each exhibit.

All judges are given a gift for their participation. To serve as a judge, call the CATA's Erik Higgins, or watch for the form in next week's mail.

Registration underway for ASE spring testing for technicians

Technicians may register until March 28 to participate in ASE certification testing this spring. The exam dates are May 6, 8 and 13.

ASE offers more than 40 certification tests in nine specialties, including Automobile, Collision Repair and Refinish, Engine Machinist, Parts Specialist and Advanced Series.

To register, call ASE toll-free at 877-ASE-TECH, or visit www.asecert.org/

ASE testing is conducted by the National Institute of Automotive Service Excellence.



Marketplace

Service Director/Service Manager 20+ years' experience in the positions. All responsibilities of service management. Warranty experience with GM, DaimlerChrysler, imports. Maintain quality control, CSI, payroll, more. Sal Montalbano, 708-460-1737.

A copy of the résumé is on file at the CATA.