Volume 107, No. 17 September 6, 2010

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, or 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. The fee covers the Internet connection - which includes both audio and PowerPoint slides. There is no need for a telephone connection to participate.

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, Sept. 9 at 12 p.m. CDT

"Case Studies in Successful Customer Loyalty." It should be easier to re-sell an existing customer than it is to go out and find a new buyer. Customer loyalty programs and systems abound, but which one, if any, will

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CATA can help spotlight a dealer's community involvement project

Dealers maintain strong ties with their communities, from employing townspeople to sponsoring sports teams to assisting in local causes. But the stereotype of tight-fisted dealers persists.

The CATA and NBC 5 Chicago can help diffuse that, by developing public service announcements that can shine a light on the positive work of dealers in their corners of the world.

The television station can produce 15-second spots that will be broadcast on the network affiliate. All notable efforts also will be trumpeted on the CATA's weekly radio show, "Drive Chicago," 8 a.m. Saturdays on WLS 890AM; and on one of the CATA's Web sites, www.chicagolanddealerscare.com.

One PSA that NBC 5 has aired focused on the Patrick Auto Group's work with the St. Baldrick's Foundation, which raises money for childhood cancer research.

To discuss other projects, contact the CATA's Sandi Potempa at (630) 424-6065.

New fuel economy grades could hurt car sales, dealers contend

A new window sticker proposed by the Environmental Protection Agency that would assign new cars a letter grade based on their emissions has the support of some local car buyers, but dealers are worried the labels might hurt sales.

The fuel economy stickers, which have been required to be displayed on all new cars since 1977 and were only redesigned once, in 2007, would show a letter grade from A+ to D based on the car's carbon dioxide emissions and combined fuel economy.

It is similar to the rating system in the United King-

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Lenders loosen car-loan criteria

Lenders are more willing to extend new-car loans to buyers with subpar credit scores, a sign that could bode well for the U.S. auto industry because it puts more customers in a position to buy vehicles, a new study shows.

Loans to consumers with credit scores considered less than prime accounted for 18.2 percent of auto loans in the second quarter, compared to 17.6 percent in the year-earlier period, according to Experian Automotive.

The increase, while modest, is an early sign that finance companies are warming to consumers whose credit scores are below the 700 range, said Experian's Melinda Zabritski.

"While lenders have not loosened their criteria to the levels we saw three years ago, we do see an upward movement in loans to those middle-risk tiers," Zabritski said.

A crackdown on lending to riskier borrowers amid the U.S. financial crisis cut off access to car loans for many customers in 2009, contributing to the auto industry's worst year since the 1980s.

General Motors Co. said this summer it would purchase subprime auto lender AmeriCredit Corp. in a $3.5 billion deal designed to free up loans for consumers with less-than-prime credit scores. The automaker, which unlike most of its rivals lacks a so-called captive finance arm, said an inability to reach those buyers was hurting sales.

Webinars

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work best in your dealership? Explore case studies of successful customer loyalty initiatives in the dealership environment.

Thursday, Sept. 16 at 12 p.m. CDT

"Case Studies: Service Departments Winning Back 2nd & 3rd Owner Vehicles." Learn what is different about the "corner garage" that keeps customers coming back over and over again as their vehicles age. The average customer returns four times a year, producing a 2.7-hour repair order with each visit. For vehicles 9 years old on average, parts sales exceed labor. See a profile of several dealership service departments that have transformed their service department with some amazing results.

Thursday, Sept. 23 at 12 p.m. CDT

"How to Create a Consistent Selling Process on the Service Drive." Review case studies of how service departments have achieved huge sales increases by consistently delivering a professional selling presentation. The selling discipline taught and enforced in so many dealership showrooms is almost always absent on service drives.

Hybrid owners get more traffic tickets: study

The higher cost of repair for hybrid vehicles is perhaps not too surprising. The technology is still new and many collision repair shops will not attempt repairs, but will sublet them to a dealership. It is perhaps also true that there are not many substitutes for both mechanical and body parts available—yet.

But the most surprising finding of the study by Mitchell International, which collects data for insurance companies and collision repair facilities, was that hybrid owners get more traffic tickets than owners of gasoline-powered vehicles.

Asked to comment on this finding, Greg Horn, vice president of Industry Relations for Mitchell, said one reason might be that hybrid owners come predominantly from urban settings, where more traffic tickets are issued.

But he added that the profile of the hybrid owner is changing. Initially hybrid owners purchased their vehicles because of their environmental concerns. "While their politics may have been liberal," he said, "their driving habits were conservative, making them a very good risk to insure."

Now, however, he said hybrids draw the attention of those who simply are looking for better gas mileage and environmental consciousness is not an issue. Horn said, "This shift changed the hybrid driver profile and brought with it a change in the risk profile."

A study by Quality Planning, which helps automobile insurers identify rating errors, recover lost premiums, and minimize future losses, indicated that Prius owners will get .38 tickets per 100,000 miles of driving - as compared to .23 tickets per 100,000 miles for non-hybrid drivers

Marketplace

Management Honest, dependable, experienced dealership G.M, able to interpret financial statement. Self -motivated; problem solver; team leader; staff trainer. Thomas N. Okimoto, (773) 206-4919.

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

David E. Sloan **President, Publisher**
Erik K. Higgins **Editor, Director of Dealer Affairs**

Dealers turn to social media to sell cars, but are shoppers following?

Car dealerships are turning to Twitter as their new media frontier, hoping to transform a method for social chatter into a platform for car sales. Some pioneering dealers are gamely trying to build up the number of their followers and using their meager allotment of 140 characters to pass on micro-bursts of information, typically accompanied by a link to their Web site or Facebook page.

But this experiment with the social medium is still a work in progress.

"The automotive industry has been a bit behind on Twitter and social media in general," said Joe High, chief executive of XIGroup in Baltimore and Dealerskins in Nashville, two Web design firms that focus on car dealers. "But now it is moving ahead at full speed."

Dealers tweet about lease deals, the latest manufacturer incentives, service specials, and just about every other thing imaginable. In one 24-hour-period in early July, Koons Automotive in Vienna, Va., announced an iPad giveaway, promoted its inventory of used Audis and VWs, thanked four customers for visiting its stores, and answered two customer complaints. The same day, Mazda dealerships across the country tweeted an announcement about the brand's new certified used-car program almost as soon as the Japanese automaker released it.

At least theoretically, a single tweet can reach thousands of potential car buyers trolling Twitter. And like everything else on Twitter, the action is taking place in real time. In rare instances, a consumer may even have to decide whether to take a dealer up on a sales or service deal within minutes.

Some customers may decide they don't need the aggravation of rapid-fire social media engagement, but the tech-savvy under-30 crowd actually may relish it, say a number of experts on social media.

Follow the Dealer

As any Twitter fan knows, the goal is to have people find you with a Twitter search or "follow" your tweets. In the four years since its invention, it has become a mark of distinction to have hundreds or thousands of people following you, presumably waiting breathlessly for your every thought and action to be posted. But that's not a goal to which most dealerships can aspire.

Given consumers' built-in resistance to messages from companies, High said dealerships are doing well if they manage to get 100 people following them on Twitter. He compares it to clicking a box opting to receive a company's e-mail newsletter. "To have 100 people willing to do that means that a dealer is doing a pretty good job of not bothering you and is giving you appropriate content," High said.

One reason that Twitter is catching on with dealerships is that they can use keywords to optimize their tweets for search engines just as they do with their Web pages, said High. In this way, they drive traffic to their messages and, in turn, to their Web sites. From there, it's a short leap to the showroom floor, or so the thinking goes.

So far, dealers seem particularly to like using the new medium for used-car sales. That may be because the prices for any given model vary significantly from dealership to dealership. So a tweet on a used car and its price at a particular store can be a useful piece of information. But there remains the question of whether consumers are buying.

"I don't think I have exactly sold any cars with Twitter," said Mitchell Brenner, e-commerce manager at an Acura store in New Jersey. "But I have seen people going to my Web site who started on Twitter."

The medium does have some serious limitations for car sales. A Twitter search for a used BMW, for example, may deliver offers from a dozen or more countries, ranging from Britain to Dubai. "The chances of a person reading a tweet, and living relatively close to us, and shopping for an Acura is relatively slim," said Brenner.

Having Fast Reflexes

When dealerships crank up their tweets to warp speed, buyers with the fastest mental reflexes may fare the best. For example, as the month of June came to a close, Elk Mountain Motors in Glenwood Springs, Colo., tweeted that it needed to sell "one more new Audi deal to meet its goal" and the buyer had just five hours to come to the dealership and get a special $1,000 rebate.

"Say a dealership has a slow afternoon, for whatever reason, and it has nothing going on between 1 and 4 p.m. It can have a special service offer that expires within the hour," said Timothy Martell, owner of the Wikimotive consulting firm and digital marketing director at Marlboro Nissan in Marlboro, Mass.

While Twitter is seen as the heir-apparent to Facebook, dealers may be having a tougher time grasping the concept. "With Facebook, the feeling is that there are real people out there," Martell said. "There is a tremendously active body of users. But Twitter is a lot more noise. It is viewed as where people with attention deficit disorder go, because what can you do with 140 characters?"

So for all the allure of its real-time communication and the thousands of Twitter posts advertising cars every day, most experts on social media are cool to its potential for promoting sales. "It is not necessarily something that I can see as a quick sales strategy," said Robert Edwards, president of Real Traffic Productions in Sarasota, Fla., said. "It's more of an opportunity to build a relationship."

Secret shoppers teach dealers how to seal deal

A host of mystery shoppers sent to critique dealerships across the country gave luxury brands such as Mercedes-Benz and Lexus high marks and put Ford and Lincoln above the industry average.

The study of dealerships, also found that fewer salespeople offer vehicle brochures for customers to take home. Only 57 percent of dealerships offered brochures, compared with 62 percent in 2007.

"I'm absolutely certain that paper brochures help sell cars," said Fran O'Hagan, CEO of Pied Piper Management, which conducted the study.

Now in its fourth year, the study aims to help automakers and dealers determine how to boost sales. Improving the sales experience at dealerships is essential at a time when dealerships across the country are recovering after GM and Chrysler reduced the number of dealerships.

Moreover, dealers may have to work harder to sell cars during the second half of the year, as many potential car buyers still may be holding off on vehicle purchases.

Pied Piper's study zeros in on tangible things a dealership can do to influence a sale. The firm deployed 3,658 secret shoppers, aged 21 to 65, to dealerships between July 2009 and June 2010 to collect more than 50 observations, such as whether a salesperson:

• Asked how the shopper would use a new vehicle and who would drive it;

• Offered a test drive;

• Was knowledgeable about the product.

Using that data, Pied Piper gave each brand a score and a rank. Lincoln's score jumped 4 percent, more than any other brand, compared with its 2009 score. Lincoln's salespeople were more likely to talk about a vehicle's features and ask why the shopper considered the brand.

O'Hagan said salespeople need to do more to involve shoppers, such as finding out more about a customer's needs and walking a shopper around a car, pointing out important features.

Salespeople, O'Hagen said, need to "engage the shopper in some way that isn't just me lecturing them."

Label

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dom, where cars are taxed on their carbon dioxide emissions.

The rating system is designed to promote electric cars—those vehicles get an A+, while most average cars would get a B. About 1,980 models would rank in the B and C ranges, whereas only 14 current models would receive an A+.

The proposed ratings have rattled some dealers, many of whom are still recovering from one of the worst automotive sales years in nearly two decades.

The National Automobile Dealers Association opposes the new labels, which "would confuse the buying public, make vehicle purchasing decisions more difficult or treat certain automakers or fuel types unfairly," said NADA spokesman Bailey Wood.

The EPA is soliciting public comments on the letter grade label for the next two months. If the proposed labels go forward, they would apply to the 2012 model year.

A second proposal would keep the current label's focus on fuel economy and annual fuel-cost projections. A sliding bar underneath would compare the vehicle's fuel economy and tailpipe emissions with those of similar vehicles.

The NADA "will concentrate on" the second option, Wood said.

Dave McCurdy, CEO of the Alliance of Automobile Manufacturers, which represents Toyota, GM, Ford and eight other automakers, said Monday the rating system "falls short because it is imbued with schoolyard memories of passing and failing."

Cash for Clunkers? Yes, for clunker lights

Businesses in the Chicago area can upgrade to more energy-efficient lighting and HVAC systems, under an incentive program sponsored by Commonwealth Edison. ComEd's "Smart Ideas for Your Business" program reimburses up to 50 percent of the installation cost of energy-efficient upgrades.

Whether a dealership is large or small or whether its facility is new or old, upgrading to energy-efficient equipment can provide savings that go right to the bottom line. And the Smart Ideas program helps accelerate a businesses' payback.

The program has provided about $36 million in incentives to help business customers save some $50 million in energy costs. The incentives help businesses make improvements in lighting, HVAC, motors, and other energy-using equipment.

Many businesses start by focusing on lighting — upgrading obsolete T12 fluorescent lighting indoors and high-pressure sodium lighting outdoors to energy-saving fluorescent, LED and induction lighting. Next up often is heating, ventilation and air conditioning, which can account for as much as 30 percent of a building's annual energy use.

Interested? Most non-residential ComEd customers can participate in the utility's "Smart Ideas for Your Business" program. For more information, visit www.ComEd.com/BizIncentives, and read fact sheets and case studies to help get started, plus applications and a list of contractors that have been trained on the program and its paperwork.

Or, call the program hotline at (888) 806-2273, or send an e-mail to ComEdSmartIdeas@kema.com.

Wake Up to the CATA's radio program, "Drive Chicago," 8 a.m. Saturdays on WLS 890 AM.