



CATA Bulletin

DRIVE **CHICAGO** .COM
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BBB, which monitors area dealers' ads, offers tips to comply with regs

When an advertisement sets out some component of the purchase price, either by stating a monthly payment and/or a certain percent or savings off the MSRP, the advertisement must clearly and conspicuously disclose the vehicle's purchase price.

The purchase price is considered a material term which therefore cannot be omitted as a result of the aforementioned.

Certain manufacturers currently offer programs through captive finance companies whereby the consumer can participate with 0 percent interest or a rebate of \$1500 to \$3000—or in some instances, both. However, remember that this rebate is considered limited in scope; not everyone will qualify for that program. The advertisement would

have to comply with Section 475.530 of the Illinois Motor Vehicle Advertising Regulations, concerning rebates.

You may advertise the availability of the rebate if the terms and limitations are clearly and conspicuously disclosed. However, it is an unfair or deceptive act for any dealer to advertise a price in which limited rebates have been deducted, or for a manufacturer or a dealer association to total the limited rebate with the general rebate.

The Chicago office of the Better Business Bureau continues to see serious problems regarding advertised prices.

Remember it is imperative that a vehicle must be sold for **no** more than its advertised price, and the price advertised must be available to everyone—

regardless of whether they have seen any special advertisement by your dealership.

If you have any questions or concerns about any current advertising practices please submit them to Steve Bernas director of operations for the BBB, at 312-245-2514 or autoregs@chicago.bbb.org

The e-mail address correlates with the BBB-Chicago's Web site, www.chicago.bbb.org, which contains the state's up-to-date advertising regulations. All correspondence remains confidential in accordance with the current BBB/CATA Ad Review Program.

Also, make sure to disseminate these BBB tips to all personnel responsible for creating dealer advertisements.

Federal Reserve Board issues minor revision to Regulation Z

The Federal Reserve Board has clarified that where the word "amount" is used in Regulation Z to describe disclosure requirements, it refers to a number, not a narrative description, unless the regulation indicates otherwise.

Regulation Z implements the Truth-in-Lending Act, which generally requires creditors, including dealers, to provide clear disclosure of credit terms and costs to consumers.

The Fed also clarified that when a creditor provides

initial disclosures in a language other than English, it need not provide subsequent disclosures in that language. That provision permits creditors to provide TILA disclosures in languages other than English, so long as English versions are available to consumers upon request.

The revisions became effective April 1, although compliance is not mandatory until Oct. 1. To review the Fed's action, see www.federalreserve.gov/boarddocs/press/bcreg/2004/20040326/attachment.pdf

Registration for the 2004 CATA golf outing, on June 14, has sold out!

AYES a prime tool for dealers to recruit, retain technicians

Proper staffing of the service department is essential to the financial health of any dealership and represents the backbone of any new-car franchise. If finding a winning team poses a challenge, keeping them can represent another challenge.

Have you designed a pay plan that is going to get the most out of your technicians? In "Recruiting and Retaining Technicians," a workshop presented at the NADA's 2004 Convention and Exposition, presenters suggested structuring a plan based not on hours worked but on technician proficiency.

Such a plan encourages techs to seek training and other information to bolster their skills. Their growth, and your encouragement, makes for a happy and fulfilling workplace.

Service departments aren't what they used to be. The average automobile today contains more electronic equipment than the Apollo spacecraft that first traveled to the Moon. Technicians should be treated with the respect that such expertise deserves.

Money talks, but Bob Atwood, one of the workshop presenters and an NADA Dealer Academy instructor, said the top motivator for a technician is the respect shown by superiors.

The pools of prospective employees from which to recruit are numerous. One of the most beneficial, both to your dealership and the community, is the Automotive Youth Educational Systems program. AYES provides a line of communication with local schools, which can educate youth about post-graduation opportunities at dealerships.

More important is the relationship that can be created with young, eager students who would learn under the dealership's manufacturer-certified technicians. According to a 2001 Wirthlin Study done for an ART task force, 45 percent of high school students decide on a career in their junior or senior years.

For more information on NADA workshop programs or the Dealer Candidate Academy, call 800-252-6232. For more information on the AYES program, call Jim Butcher at the CATA at 630-424-6020, or see the Web site, www.ayes.org/



On the Web
On TV

On Radio
In Print

After several depressed years, used-vehicle prices on the rise

Used-car prices have rebounded to the highest level since 2001, good news for car buyers hoping for a decent price on their trade-ins and automakers slammed by rapidly depreciating models.

The price rise reflects a sharp decline in the number of cars and trucks coming off lease and the number of trade-ins from new car sales. On March 31, the average used vehicle retailed for \$13,888, up from \$13,703 a year ago, according to the latest data from the NADA.

And because the volatile used-vehicle market is so huge—42 million car and trucks sold in a typical year—pricing swings of any size have immediate ramifications for consumers, dealers and automakers.

The latest rise in prices means dealers are offering more money for trade-ins, but shoppers no longer are finding the plethora of used-car bargains available in recent years. The used-car price spike may soon be blunted, however.

Chastened by flat new-car sales, automakers are sweetening incentives, which likely will result in bloated used-car inventories and thus lower prices. But Paul Taylor, the NADA's chief economist, predicts a strengthening economy will prevent new vehicles from depreciating as fast, meaning prices for used vehicles could climb still higher.

Dealers are paying more at used-car auctions and from wholesalers. Since December, wholesale prices on used non-luxury vehicles have increased at an annualized rate of 6 percent, and wholesale prices for used luxury vehicles have climbed 2 percent, Taylor said.

Used-car prices began dropping after Sept. 11, 2001. Automakers introduced no-interest financing on new vehicles, which jump-started business but had a withering effect on used-car values. New cars became so affordable that they attracted buyers who normally bought used. Then decreasing demand for used vehicles deflated their 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 résumé to the Editor.

Review past editions or search by topic at www.cata.info/

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Award salutes commitment to business, community

Kowalis a finalist for AIADA's 'Dealer of the Year' honor

Eugene Kowalis, principal of Lexus of Orland and Orland Toyota, both in Tinley Park, was one of seven finalists for the 2004 Motor Trend and Automobile Dealer of the Year, an award for outstanding industry and community service presented each May at the American International Automobile Dealers Association's Automotive Congress.

"America's international

nameplate auto dealerships," said AIADA Chairman Buzz Rodland, "can be found in every congressional district. They provide high quality, high value, socially responsible cars for American consumers while facilitating 500,000 jobs and making invaluable contributions to their communities and other deserving causes."

"The 'Dealer of the Year Award' recognizes those dealers who go above and

beyond in an effort to make a difference locally, regionally and nationally. They are prominent civic and business leaders whose names are synonymous with generosity and community service."

The 2004 Dealer of the Year Award was presented to Robert Garff of Ken Garff Automotive Group in Utah.

"These awards pay tribute to all international automobile retailers who do more

than just sell and service vehicles. In the cities and towns where their businesses are located, they are also outstanding community and business leaders, generously contributing their time and financial support to local civic, youth and charitable organizations," said Lou Mohn, president of the PRIMEDIA Consumer Automotive Group, which publishes the magazines Motor Trend and Automobile.

New make Scion launches locally, emphasizes the unconventional

Toyota intends to rewrite the ABCs of automotive marketing when it introduces its new Scion brand to Chicago consumers this month. Make that the xA, xB and tC of automotive marketing.

Scion's entry in the Midwest marks the final phase of a national rollout that began last June in California. Launched with the xA and xB models, Scion recently added the tC.

The brand's target is consumers dubbed Generation Y, born beginning in 1978. The group bought 5 percent of all light vehicles sold in 2001, but that figure is expected to grow to 25 percent in 2010 and 40 percent in 2020.

"They've already moved through beverages and apparel. Now they're moving to cars and homes," Scion Vice President Jim Farley said recently in talks with the Midwest Automotive Media Association.

Scion relies on unconventional advertising and word of mouth to reach the trend setters of Generation Y. And there are a lot of them to reach, Farley said.

Sociologists have labeled the group as information-rich, time-poor and technology-savvy. They trust the word of a friend over advertising messages. To connect, Farley said Scion might offer impromptu test drives at music store parking lots.

A strategy, said Farley: Equip the vehicle with a small camera for the driver to record his impressions, then allow him to upload the recording onto the Internet, where friends can see it.

After one sales year, Scion's numbers crunchers developed the following profile of its customers: 49 percent are age 35 or younger, 75 percent are new to the Toyota family, and 57 percent are male. The final stat is noteworthy because most small cars in the United States are purchased by women.

Farley said all Scions are built to order. Buyers can choose about 40 accessories, and Scion owners have gathered to marvel at how other units are equipped. A first-ever Scion owners event on Jan. 1 in California attracted 435 Scion drivers, one from as far as Florida.

"We offered them water, that's all. They came to exchange stories about how they personalized their cars. Some had Lamborghini doors, others had a DVD player in every headrest," Farley said.

Scion showrooms likewise are distinct, luring buyers with 50-inch plasma televisions, Internet kiosks and consultation areas. "The list of the Top 10 Scion dealers in each region looks nothing like the list of the Top 10 Toyota dealers," said Farley.

All 28 Toyota dealers in the CATA market also sell Scion. The xA starts at \$12,480, the xB at \$13,680, and the tC at \$15,950.

"The dealer is free to set the price," Farley said, "but he must set it at the same price for everyone. It really challenges the dealer to set a transaction price.

"Customers love it, and salespeople love it because they appear more credible. They lose credibility when they keep returning with a different price. The 'pure price' solution saves two hours in the transaction."

Ford, Toyota, Chevy lead in sales to Hispanic Americans: Polk study

In the race to capture the increasingly influential Hispanic American consumer, Ford, Toyota and Chevrolet have distanced themselves from other automotive brands, R. L. Polk & Co reported in May.

In calendar year 2003, Ford captured 15.9 percent of all new vehicle registrations made by Hispanic Americans in the United States. Toyota and Chevrolet follow in a virtual dead heat, each with slightly more than 14 percent of the market among American consumers of Hispanic heritage.

Toyota this year has pushed to solidify itself in the second position overall. Toyota captured 37,353 Hispanic registrations, or 15.5 percent of Hispanic market share in the first quarter of 2004. That eclipsed Ford's share of 15.4 percent, or

36,989 registrations, during the first three months of 2004.

"While they technically remain a minority group, Hispanic Americans can no longer be considered a niche market," said Lonnie Miller, Polk's director of analytical solutions. "Hispanics are growing both in numbers and consumer influence. Automotive manufacturers are taking notice and delivering products that appeal in all the traditional ways: design, price, performance and utility."

Hispanics are the nation's largest minority group and are becoming more influential in their collective purchasing power.

"The growing influence of Hispanic American consumers has become clear over the past five years," Miller said.

Saturn of Naperville GM named finalist for Innovation Award

Ronald Czalbowski, general manager of Saturn of Naperville, was named one of five regional finalists in voting this spring for the third annual Dealer Innovation Award by USA Today newspaper and the NADA, the award's sponsors.

The 2003 Dealer Innovation Award recognized dealers who took a leadership role in the development and implementation of community-wide safety initiatives. Czalbowski's focus: student drivers.

Czalbowski was instrumental in 1997 in launching Safe Wheels of America, a program that promotes safe driving habits to driver's education students by using partnerships among schools, businesses and communities. He now is president of the program.

More than 60 CATA dealerships have hosted a Safe Wheels presentation, which includes talks and demonstrations about vehicle maintenance and safety components; safety belt use; zero-tolerance laws and what happens when police

suspect those laws are violated; and tours of a dealer's body shop to see the results of accidents.

That is why, Czalbowski said, a Safe Wheels presentation would be incomplete unless held at a dealership.

"It presents a positive public image for dealers," he said. "The NADA really likes it."

Czalbowski also noted an added benefit of hosting the program: It brings consumers to the showroom and often results in sales, either to the students or their parents.

An overview of Safe Wheels is posted at www.saturnofnaperville.com/

Rick and Rita Case, owners of Rick Case Honda-Acura-Hyundai in Fort Lauderdale, Fla., won the 2003 Dealer Innovation Award for designing and manufacturing an emergency escape hammer for drivers to break windows in cars submerged in water.

The instrument, distributed free at the Cases' dealerships, also contains a small blade that can cut the seat belt to aid in escape.

Marketplace

Office Manager-Controller Manage all office functions for dealer group's five facilities. Prepare all financial statements, bank reconciliations, reserve accounts, parts accounts, year-end documents for auditors. Jean Otrembiak, 708-404-2362.

GM/GSM Oversaw 28% growth in sales, revenue over previous years. Responsible for all business-hour floor operations; marketing and promotions; decreasing aged inventory 98%. Maintained CSI at national average rating. Arthur Blaese, 847-458-4881.

Finance Assistant/Biller Dealership experience as finance manager, can increase warranty sales and expedite funding. Skilled with Reynolds & Reynolds, Microsoft Word. Professional, loyal. Samantha Galloway, 630-851-6936.

Résumés of all candidates on file at the CATA.

Congratulations!

Tom Noe's Park Ridge Mitsubishi earned the automaker's 2004 Diamond Chapter of Excellence Award, for attaining the highest level of sales satisfaction and customer sales and service satisfaction. Twelve other area Mitsubishi dealers also won the award; they were recognized in the May 24 edition of this newsletter.