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## Dealerships touted in special section in Time

“Local communities may see big companies and retailers come and go,” said Jonathan Collegio of the National Automobile Dealers Association, “but dealership roots run deep.”

Collegio was quoted in a special advertising section, named “Driven to Do the Right Thing,” that the NADA placed in a Time magazine edition in October. The piece emphasized the contributions of dealers to their local communities and to local charities.

According to NADA statistics, the 17,000 new-vehicle dealers in the U.S. employed more than 1.1 million people in 2015, up 4.3 percent from 2014. The annual payroll increase was almost dou-

ble that number, up 8 percent to \$62.8 billion, resulting in more than \$20 billion in personal tax revenue.

And dealers, the NADA notes, want to make their communities better. A recent survey found 70 percent of dealers plan to increase their charitable giving, which includes donating or loaning about \$4.5 million worth of vehicles for charitable causes.

Consumers benefit from dealerships, too. “Research,” said the NADA’s Collegio, “has shown that price competition by local dealerships saves consumers, on average, about \$500 on the price of a new car — a huge benefit for any

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## FTC issues data breach response guide

You suspect that your business experienced a data breach. Maybe an employee lost a laptop, or a hacker got into your customer database, or information was inadvertently posted on your website. Whatever happened, you’re probably wondering what to do next.

The FTC’s new “Data Breach Response: A Guide for Business” outlines the steps to take and whom to contact. Here’s a glimpse of what’s mentioned:

You’ll need to move quickly to secure your systems. Some immediate steps include:

**Secure physical areas potentially related to the breach.** Lock them and change codes, if needed.

**Stop additional data loss.** Take all affected equipment offline right away, but be careful not to destroy evidence. Monitor all access points to your system. If a hacker stole credentials, you’ll need to change those credentials too, even if you’ve removed the hacker’s tools.

**Remove improperly posted information from the web.** After you clean up your site, conduct a search to make

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## OSHA further delays enforcement of rules on anti-retaliation

The Occupational Safety and Health Administration has again delayed — now, until Dec. 1, 2016 — enforcement of the anti-retaliation mandates in its recently revised injury and illness recordkeeping and reporting rules.

Enforcement of the provisions that went into effect Aug. 1 was already extended once, to Nov. 1.

OSHA is delaying enforcement at the request of a judge who is considering the complaint and motion for preliminary injunction filed by several industry groups challenging the rule. The mandates require that employers discontinue certain drug testing and safety incentive policies.

According to OSHA, “blanket post-injury drug testing policies deter proper reporting.” Acknowledging the safety benefits of drug testing, OSHA states that the rule’s anti-retaliation provision “does not ban drug testing of employees,” but instead effectively requires that such policies be carefully crafted so that drug testing (or the threat of drug testing) does not serve as a form of adverse action against employees who report injuries or illnesses.

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## October auto sales down: 5 things that can be learned from numbers

Sales of new cars and trucks fell about 6.7 percent in October even though the overall health of the industry remains strong.

How can both things be true?

“First, October of 2015 was one of the highest sales months in the history of the industry, so being ‘down’ compared to last year was almost inevitable,” said Karl Brauer, a senior analyst for Kelley Blue Book. “Second, there were two fewer selling days in October 2016 versus 2015, along with an East Coast hurricane impacting sales in that region.”

In fact, industry analysts predict that the industry remains on track to sell about 17.4 million new cars and trucks this year — a number that would be the second most in the history of the U.S. auto industry.

So, with that in mind, here are five things that have stood out so far as individual automakers reported:

**Honda sold nearly 5,000 more trucks than cars.** Say what? Yes, Honda sold 65,569 “trucks” in October compared with 60,592 cars. Here, the catch-all industry

lingo for “trucks” is used, which includes SUVs and vehicles such as the Honda Ridgeline, Pilot and CRV and even the Odyssey minivan.

Still, we’re talking about Honda, the brand best known for the Civic and Accord passenger cars. Honda’s ratio of trucks to cars is yet another piece of data that shows how much consumer preferences have changed from cars to crossovers and SUVs.

**FCA is charging ahead with Ram.** Sales of the Ram brand increased 12 percent in October, making it one of the few bright spots for Fiat Chrysler Automobiles.

FCA’s truck brand was the only brand that reported a U.S. sales gain in October. Ram’s strong performance was expected, but still revealing.

Ram’s October sales gain comes on the heels of Ram outselling Silverado for the first time in at least five years. Ram achieved that feat in September with big incentives that topped \$7,000. FCA CEO Sergio Marchionne said last month the automaker planned to continue to keep pressure on the industry with

Ram incentives.

The automaker is currently offering up to 20 percent off some Ram 1500 models. Ram was unable to top Silverado in October. FCA sold 43,891 Ram pickups, or 7 percent more than the same month last year.

**Big, full-size SUVs help GM.** Chevrolet’s Suburban, Tahoe and Yukon helped to power GM to better-than-expected results. Sales of those big, body-on-frame brutes increased 85 percent, 81 percent and 61 percent respectively.

Meanwhile, at Buick, sales of the Encore rose 8 percent and the brand sold more than 2,300 new Envision SUVs while sales of all of Buick’s cars fell.

GM’s U.S. sales fell 1.7 percent in October, less than the approximate 6.7 percent decline for the industry.

“GM sales exceeded analysts’ forecasts across the board, and Chevrolet’s strong retail sales is a promising sign of healthy profits,” said Rebecca Lindland, also with Kelley Blue Book. “Large pickup truck sales continue to be soft, but large SUVs provide a mitigating cushion.”

**The fallout from Volk-**

**swagen’s diesel gate scandal continues.** Volkswagen Group’s namesake brand continued its prolonged sales slump as the company tries to overcome a diesel emissions scandal and an outdated product lineup that have kept shoppers away from the showroom. VW brand sales reversed 18.5 percent to 24,779 units.

“Volkswagen has to reinvent itself,” said Michelle Krebs, senior analyst for AutoTrader.com. “It was the diesel brand. What is it going to be now?”

**Still steering clear of the danger zone.** The pace of auto industry sales continues to keep the auto industry hovering above the danger zone. Average industry incentives are increasing, and are at record highs, but the average transaction prices of new cars and trucks also are at record levels.

GM’s average transaction price in October was \$36,155, or \$1,000 more than a year ago.

Kelley Blue Book reported the average purchase price for a new vehicle in October was about \$34,663 — a 2.3 percent annual increase.

## Dealers

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consumer purchasing a new car or truck.”

Research by J.D. Power shows that 80 percent of people who purchased cars in the last year rate their car-buying experience as excellent. “The dealership experience today is vastly different and better than it was 20 or even 10 years ago,” said Collegio.

“Pricing is available online, facilities are modern. For folks purchasing a car today, local dealerships are exceeding expectations time after time.”

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## 100 years of standing up for our customers

By **JEFF CARLSON**  
2016 NADA CHAIRMAN

I had the privilege of addressing the Automotive Press Association in Detroit last month. In addition to discussing what we're doing now and what we'll be doing in the future, I talked about the past — and about how the NADA began.

We should never forget that this association's genesis was in 1917 when dealers wanted to defend their customers from unfair policies in Washington, D.C. A century later, we are doing the same thing on behalf of our customers and this great industry.

I explained this in great detail to the auto writers and other guests in attendance. And I did it through the eyes of our customers. After all, it's our customers who are seeing increased prices during the point of sale, financing, and even recall work as a result of unfair, unnecessary and overly broad policies from Washington.

So I posed some of the following questions:

1. If Washington wanted to implement a policy that would add \$600 to the cost of financing a new car, what

would that feel like as a dealership customer?

2. What about a policy that would take anywhere from \$1,200 to \$6,000 out of a customer's pocket when they trade in a used vehicle?

3. How about a policy that would add thousands of dollars to every single new vehicle that every manufacturer makes, up and down their entire lineups?

4. Or what if new-car buyers had to pay hundreds of dollars more at the retail level because Washington thought it was no longer beneficial to consumers to have multiple, independent retailers competing with each other for the same customers?

These are some of the questions I posed to the APA audience. The larger point is that it's not just dealers who are negatively impacted; our customers will also suffer from government overreach and misguided federal regulations. These are many of the battles we've been fighting in our nation's capital on behalf of our customers and fellow dealers, and the work is ongoing.

Throughout the year, the NADA has worked tirelessly to educate government officials and the media

about the dealer business and how we provide efficient and cost-effective services to the driving public. We've had endless correspondence, roundtables and even hearings with our federal regulators so that they can understand how their decisions impact this industry and the customers whom we serve. This is what the NADA was founded on, and it's what we do best.

Never forget that in 1917, Washington came up with the idea to classify automobiles as "luxury goods" in order to impose a new 5 percent tax on their purchase. This new luxury tax on what was rapidly becoming an essential item would hit a lot of Americans right in the pocketbook, at a time when they could least afford it. Someone had to quickly get the message to Washington ... and auto dealers did just that.

Thirty auto dealers went before Congress and argued that automobiles were a necessity — not a luxury — and a tax could price customers right out of the market for generations to come.

Congress listened back in 1917.

Today, in 2016, we're working hard to get them to listen to us again.

## Breach

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sure other sites haven't posted the information. If they have, ask them to remove it.

Think about your service providers. If they were involved, make sure they've remedied all vulnerabilities and consider whether you need to change their access privileges. Also, check your network segmentation so a breach at one server or site

doesn't lead to a breach at another.

What about breach notification? That's where many companies have questions. First, take a look at your state's data breach notification law. If it's a breach involving health information, also look at the HIPAA Breach Notification Rule and the FTC's Health Breach Notification Rule. Notify law enforcement, affected businesses and individuals.

• **Law enforcement** Call your local police, the FBI or the U.S. Secret Service. The sooner they learn about the breach, the more effective they can be.

• **Businesses** If account information (like credit card numbers) was stolen and you don't maintain the accounts, notify the institution that does so they can keep an eye out for suspicious activity.

• **Individuals** The faster you notify people, the faster

they can take steps to protect their information. In deciding who to notify and how, consider state laws, the nature of the breach, the type of information taken, the likelihood of misuse and the potential damage if the information is misused.

When notifying people, consult with law enforcement and, depending on the type of information breached, consider offering at least a year of free credit monitoring.

## White still top color for cars: PPG

For the seventh straight year, car buyers in 2016 chose white more than any other color.

An annual report about global automotive color trends compiled by Pittsburgh paints and coatings giant PPG found 38 percent of vehicles built worldwide in 2016 were white, up from 35 percent last year.

White dominates because typically it's available immediately for any model on the lot, plus it's neutral enough that owners don't get tired of it, said Jane Harrington, color styling manager for PPG's automotive original equipment manufacturer coatings.

"A lot of times people may be attracted by another color on the same vehicle. But buying a car is a big purchase, so they get conservative," she said.

White has topped the popularity rankings since 2010, when it pushed silver out of the top spot.

The other top shades this year were also decidedly neutral: black, with a 16 percent global share; silver, 12 percent; and gray, 10 percent.

It wasn't just Americans driving off in white cars, either. White topped vehicle colors in every region of the world, PPG's report showed, with a 25 percent share in North America; 37 percent in South America; 33 percent in Europe; and 47 percent in the Asia Pacific.

In the Asia region, another factor weighs on buyers' minds. Harrington said the color white accounts for nearly half of vehicles made there

because many people think it makes smaller cars look larger and more noticeable.

"That's important, especially in China where there is so much traffic," she said.

PPG, which supplies car coatings and finishes as well as industrial and architectural paints, has a network of 20-plus experts who analyze color trends in cars and other consumer products to help the company develop paint shades and palettes that meet market demand.

Although Harrington said she was not surprised more buyers go for neutral-colored cars, she wouldn't have minded something different.

"I was hoping to see more colors," said Harrington, who added that various shades of blue are emerging among car manufacturers.

This year, the number of blue vehicles rose by 3 percent among luxury, midsize and compact cars, PPG said.

Harrington said she noticed blue popping up two years ago at the Detroit Auto Show, when Porsche displayed a 911 Targa model in a bright sapphire shade.

"Blue's very traditional but can be interpreted in automotive paint in several ways such as chromatic for sports cars, or a deep blue for luxury models," she said. "It's very versatile."

Harrington keeps an eye on vehicle colors while she commutes to and from her office near Detroit. Her car is not white.

"Of course not," she said. "I have a Ford Fusion in a very, very vibrant red."

## Cars hit fuel economy record

Cars hit a new fuel economy record in 2015 while outperforming mandated greenhouse gas emissions limits, the Environmental Protection Agency reported Nov. 2.

Model-year 2015 cars averaged a carbon dioxide emissions standard that was 7 grams per mile higher than what the EPA required for that year, which was a 13 grams per mile improvement over the 2014 requirement.

A separate EPA report released Nov. 2 concluded that average fuel economy was 24.8 miles per gallon, 0.5 mpg higher than the previous year.

The EPA held up its reports as proof that the federal government's efficiency and greenhouse gas standards, jointly enforced by the EPA and the Department of Transportation, are working.

"Car buyers can go to the showroom knowing that no matter what kind of vehicle they buy, it will be better for the climate — and their wallets — than ever before," Christopher Grundler, director of the EPA's transportation office, said in a statement. "This report highlights that the industry is providing vehicles that customers want, while reaching new levels of environmental performance."

Automakers have also seen six consecutive years of sales growth, which the EPA cited as evidence that its regulations are not hurting the industry.

Some green groups cheered the EPA's report, saying it shows that the industry will be able to handle a strengthening of the standards, as greens want the agency to do in the coming years.

The EPA reported in June that cars are unlikely to reach the 54.5 mpg efficiency goal that President Obama had boasted about for years.

## OSHA

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Bottom line: Such policies should only impose post-accident/incident drug or alcohol testing if and when there is a possibility that drug or alcohol use by an employee may have played a role in the accident or incident.

Note also that certain types of incentive programs may be deemed "retaliatory" if and to the extent that they deny a benefit to employees when certain injury or illness rates are exceeded. To be sure,

the anti-retaliation provision does not "categorically ban all incentive programs," but requires that they be carefully structured to encourage safety in the workplace without discouraging the reporting of injuries and illnesses.

For example, incentive programs designed to disqualify employees for monetary bonuses or other benefits and which could discourage or deter reasonable employees from reporting work-related injuries or illnesses may violate OSHA's anti-retaliation rule.