



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 dropdown menu to CATA-DealersEdge webinars.

Coming topics:

Thursday, Aug. 11 at 12 p.m. CDT

“Selling on eBay Motors - The Advanced Class”

Find out how experienced dealers are leveraging this sales channel to achieve even greater success. This workshop is designed for dealers and managers who have previously attended an eDealer Class and are now ready to take sales

SEE **WEBINARS**, PAGE 2

BBB's ire over 'guaranteed' claim

The Better Business Bureau is raising questions about the use of the word “guaranteed” in connection with a vehicle trade-in program promoted by AutoTrader.

Under the program, a consumer can complete an online form on the AutoTrader website to essentially establish a price for the vehicle he currently owns. The vehicle can be used as a trade-in for a new-vehicle purchase or sold outright to a dealer participating in the program. The price, characterized as “guaranteed” in AutoTrader advertisements, is determined under an algorithm that considers many factors after the customer enters information on an online form.

At a participating dealer-

ship, a vehicle inspection is performed, which can lead to changes in the vehicle's price. The program anticipates that the price upon inspection may be lower than what was established under the algorithm. AutoTrader represents to the dealer that it will pay the dealer the difference between the first and second price and, consequently, the dealer would not suffer a loss due to the vehicle's reduced value after inspection.

But the customer will only be offered the price after inspection, not the price established by the algorithm. Thus, the dealer is protected but the consumer is not.

Use of the word “guaranteed” in such a context can be misleading, BBB officials

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New Outlook edition looks at June sales

The latest issue of Chicago Auto Outlook tracks June 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 dropdown menu to Chicago Auto Outlook.

Get free DealersEdge webinar on Internet marketing Aug. 17

Get better results from the Internet leads you already are generating. This special presentation free to CATA members shares five ways to get an immediate bump in sales and closings from your digital marketing efforts.

Brian Pasch, the digital marketing super-guru of PCG Digital Marketing, will give his complimentary presentation at 12 p.m. CDT Aug. 17.

Pasch's premise in this presentation is simple: You *can* get better results from the leads and prospects you are already acquiring from your dealership's Internet assets and efforts. Leave with "Brian's 5-Pack" of innovative ideas and tactics that is guaranteed to help you improve bottom line sales performance from your Internet leads. You are bound to find one idea that you can plug in immediately and see your sales and profits from Internet leads jump up.

To register for the free presentation, CATA members should use a special URL: <http://cata.dealersedge.com/all-dealersedge-webinars/upcoming-live-webinars/weha-free-live-aug-17-brian-pasch-5-quick-easy-digital-marketing-innovations-for-immediate-results.html>.

Dealers also can watch a free DealersEdge webinar that was recorded in June at the CATA. See "How to Strap a Rocket to Your Used-Car Business" at <http://cata.dealersedge.com/all-dealersedge-webinars/recorded-webinars.html>.

New vehicles at highest appeal level in J.D. Power study

The overall appeal of new vehicles has reached its highest point since 1996, when J.D. Power & Associates first began surveying customers about how much they enjoyed their purchases, according to a new study by the firm.

The 2011 Automotive Performance, Execution and Layout study, released July 27, showed that the industry average for the survey continued its steady rise.

The study also found that all-new and redesigned vehicles were substantially more appealing than vehicles that carried over unchanged. The improvement, according to the survey's authors, is due partly to higher ratings for vehicle styling and fuel economy.

The Initial Quality Study released by J.D. Power in June found the exact opposite to be true, however, as owners of all-new and redesigned vehicles experienced more problems with audio, entertainment and navigation systems.

The findings in the two studies are not contradictory, said Power's Dave Sargent. New vehicles are appealing because the new technology makes them more enjoyable — when that technology works as designed, that is — yet are more problem-prone because the kinks have not been worked out.

Webinars

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to the next level. Here is a partial list of topics to be addressed:

- Tips for Increasing Closing Percentages
- Creating World Class Listings
- eBay Motors Phone Skills
- Advanced Pricing Techniques

Nearly every dealership has some eBay presence, but a few have learned how to get better results. Find out how!

Thursday, Aug. 18 at 12 p.m. CDT

"Just 90 Days to Your Best Fixed Ops Month Ever"

A plan for higher customer paid sales, hours per R.O., CSI & net profits — How to get from here to there in just 90 days. Here is a plan for turning your average-performing service and parts operations into a powerhouse in just three months. Get a collaborative plan for turning middle-of-the-pack fixed ops departments into Super-Star performers.

- Breaking bad habits that keeping you from success
- The 7 Service Drive Strategies with immediate results
- A better way to think about service pricing
- A new approach to fixed pay plans and setting minimum requirements
- How to recruit memorable and successful Service Advisors
- The secrets of Bulldog Service Marketing

Guarantee

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said, because the initial value established for the consumer's vehicle is likely to change upon inspection. Indeed, the program itself anticipates that result.

The BBB has argued to the Illinois attorney general's office that portraying a trade-in value as guaranteed prior to inspection is unfair and deceptive under the Illinois Consumer Fraud Act, and the BBB has begun sending letters of violation to dealers who engage in that advertising practice.

Participating dealers, said the BBB, must do a better job advertising the AutoTrader program so that consumers fully understand how the program works.

The CATA Bulletin is published by the
Chicago Automobile Trade Association
 18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810

The CATA Bulletin is distributed via blast e-mail every other Friday except during the Chicago Auto Show, when it is not produced.

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.

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Newly enacted Dodd-Frank law has implications for F&I office

By MARK SCARPELLI

CHICAGO METRO NADA DIRECTOR

It's hard to believe that it has been a year since Congress passed one of the biggest regulatory overhauls our nation has ever seen. I'm talking about the so-called Dodd-Frank law (also known as the Wall Street Reform and Consumer Protection Act), which takes aim at lending standards that Congress members believe led to the financial crisis of 2008 and 2009.

Thanks to our successful grassroots campaign in 2010, dealer-assisted financing was saved from additional federal oversight under the Dodd-Frank law. But auto loans, and more specifically the processes our F&I offices use to issue them, have been affected by the new law, which includes several provisions related to disclosure of credit terms and action a creditor must take when turning down a loan application.

Here are two big changes every dealer should know about and some ways that the NADA is helping us comply with these new rules.

1. New credit score disclosures for adverse action notices – Beginning last month, creditors who use a credit score in taking adverse action (such as turning down a request for credit) are required to include the consumer's credit score in the notices they provide to customers. To help dealers comply with this new rule, the NADA updated its "Dealer Guide to Adverse Action Notices," explaining when an adverse action notice must be issued, what the notice must say, when dealers can rely on a finance source's notice and other important issues. This guide also includes a model adverse-action notice that the NADA developed for dealerships, based on the government's model notice.

To download the guide, sign in to or sign up for NADA University at www.NADAUniversity.com, select "Resource Toolbox," then "Driven," and "Legal/Regulatory."

2. Changes to the Risk-Based Pricing Rule – Also included in the Dodd-Frank law were changes to the Federal Risk-Based Pricing Rule (RBPR), which requires dealers and other businesses that use credit reports and extend credit to consumers to provide a new notice, known as a Risk-Based Pricing Notice, to customers who receive credit on terms that are less favorable than the terms received by a "substantial proportion" of their other credit customers. (Note, however, that the changes to the RBPR do not affect dealers who issue Credit Score Disclosure Exception Notices in lieu of Risk-Based Pricing Notices.) NADA's "Dealer Guide to the Risk-Based Pricing Rule" has been updated to account for these changes. To download the guide, sign in to or sign up for NADA University at www.NADAUniversity.com, select "Resource Toolbox," then "Driven," and "Legal/Regulatory."

In addition to the guides, NADA University has produced a brief video on the changes featuring NADA attorney Brad Miller. You can also view the archived webinar "New Credit Score Disclosures for Adverse Action and Risk-Based Pricing Notices" at www.NADAUniversity.com in the Learning Hub under "Legal/Regulatory."

In other news . . .

• The Internal Revenue Service has issued an **updated Form 8300**, effective July 1, 2011, that dealers must use to report cash transactions of more than \$10,000. Cash payments of more than \$10,000 in one transaction or in two or more related transactions must be reported to the IRS using the new form. For a link to the new form and details about cash reporting require-

ments, visit www.nada.org/regulations.

• Prices of **fuel-efficient used cars** are expected to remain high in August. Although used-car prices likely peaked in June, average trade-in values of many popular, fuel-efficient small cars for the 2006-2009 model years are still expected to be 10 percent to 30 percent higher in August than they were at the beginning of the year, said Jonathan Banks, senior analyst with the NADA Used Car Guide. Average trade-in values for 3- to 5-year-old Toyota Prius are expected to be 30 percent higher in August 2011 compared to January 2011, according to the NADA Used Car Guide. Over the same time period, the Chevrolet Aveo is expected to be up 21 percent. "Car owners still have a lot of equity built up in their used cars, which puts them in a better financial position to make a down payment on a new vehicle," Banks said.

• Former President George W. Bush and Sergio Marchionne, chief executive officer of Chrysler Group and chairman of Fiat Industrial S.p.A., are the scheduled keynote speakers for the **2012 NADA and ATD Convention and Expo** in Las Vegas next Feb. 3-6. To register, visit www.nadaconventionandexpo.org.

• CATA President David Sloan and I will be attending the annual **NADA Washington Conference** Sept. 20-21. We will meet with elected federal officials from Illinois, to educate our representatives on Capitol Hill. The better they understand how our business works, the better they can help us and our employees and customers. If you want us to deliver your message or convey a problem, contact me at marks@raymondchevrolet.com or (847) 395-3600.

Nearly half of dealers use Facebook; they draw fans but few sales

Who “likes” a car dealership on Facebook? Well, 415 people do, according to the fan page of a northeast Philadelphia dealership.

Mark Millevoi, the owner of Millevoi Bros. Auto Sales & Service, joined the 750-million-member social media site in hopes that it would help sales. So far, Millevoi is disappointed.

“I’m very unhappy with Facebook,” Millevoi repeated - for the fourth time. He sold 400 to 500 cars in 2010, but only one through Facebook.

Millevoi constructed a fan page in January 2010 and slowly gathered a legion of 415 fans composed of relatives, friends, friends of friends, customers, and strangers. The page is visible to the public and contains links and photos to cars in his inventory. The links connect to his dealership website, which contains additional photos and information on prices, mileage, transmissions, etc.

The dealership fan page got 400 to 600 impressions a month, Millevoi said. Whether anyone paid real attention is another matter.

“I wouldn’t get questions from anybody,” Millevoi said. Except for one or two people who “liked” each update, there was no interaction between the dealer and his fans.

Frustrated, Millevoi changed strategies in March. Now he just posts inventory updates on his personal “Mark Millevoi” Facebook page, where he has 267 friends.

He gets more questions and comments, but still not nearly as many as he would like. The change has not been any kind of difference-maker for him and his business.

CNW Marketing Research Inc. estimates that 43 percent of U.S. car dealers were using Facebook as of 2010. But, car dealers are reevaluating the worth of Facebook, said John Giamalvo, director of dealer sales at Edmunds.com, an online car-finder.

He said there are four tiers of dealers using Facebook. The first tier are

dealers who put up a Facebook page because they’ve heard that they need to be on Facebook. Yet, they do not update or monitor the page. Thus, when a customer contacts them through Facebook, they do not respond. Therefore Facebook is hurting them rather than helping.

The second tier garners fans to improve their search results on Google. The third tier adds promotions and uses



Facebook like a mass-marketing tool, similar to a TV-advertising spot. The fourth tier also tries to make its sales team expand the

dealership name through having its own personal pages, hoping to expand name recognition beyond the dealership page. So far, Facebook has been poor in improving sales.

“I think it’s something that’s going to take longevity. The people in the last tier are the ones who are going to reap those rewards,” Giamalvo said.

Facebook is called a social-media site for a reason, said John Curtis, senior social media and search-engine optimization strategist at L2T Media, which advises car dealers on using social media effectively. People go on Facebook to connect with their friends, not to buy cars, so selling cars on Facebook will not be as easy as selling on Craigslist or eBay, Curtis said.

Facebook helps a dealer build trust with potential customers, Curtis said. The first step is to use Facebook to provide value to the masses, meaning inventory updates are not enough. A person may buy a car every couple of years, but they get an oil change every couple of months, so dealerships should provide service coupons to their fans.

More people will “like” a fan page just for those coupons, and if they use it and are satisfied with the service, the dealer just moved “a couple levels up in

the trust ladder,” Curtis said. When one of those folks is looking to buy a car, he will remember the dealership that gave him a discount on an oil change.

Facebook also allows businesses to listen in on conversations about their own business, Curtis said. When a dealer finds a relevant conversation, he should join in, Curtis said. A car dealer should offer his expertise, give advice on buying cars, do something to provide value to the conversation. A dealer also should create conversations with his fans by posting articles about cars, asking questions, and conducting polls.

Stephen Wade Nissan, one of nine Utah car dealerships owned by Stephen Wade, chairman of the National Automobile Dealers Association, tells a different Facebook story.

Two-and-a-half years ago, the Nissan dealership started a Facebook page that yielded no results. But two months ago, the Nissan outlet began an aggressive Facebook campaign. Since then, fans grew from 170 to 579 as of July.

A professional ad company constructed some features on the page, but “The big difference comes when you get everybody in the dealership involved,” said Matt Muir, Internet sales director of Stephen Wade Automotive Group. Multiple people in the dealership have access to the Facebook account so that they can respond to questions and give quotes as soon as possible.

Last month, the number of fans grew by 279 in five days. The cause: A sweepstakes contest posted on its wall that said if the number of fans exceeds 500, the dealership group will give one fan a GPS system. If fans top 750, then he’d give some fan a Kindle, and if the count climbs above 1,200, a \$300 gas card would be awarded to a fan.

The “Stephen Wade Nissan” Facebook page includes digital brochures, quick quotes, inventory, photos of its employees, free car washes, links to its blog, and newspaper articles about cars.