



CATA Bulletin



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Dealers respond quickly to most online leads: poll

Dealerships answer nearly one in five Internet leads within 15 minutes, and nearly all leads are

responded to within two hours, a recent survey shows.

Only 3 percent of the

leads went unanswered after 120 minutes, according to the Dealer Communications poll. The results:

On average, how long does it take your sales team to respond to Internet leads?

15 minutes or less	18%
15 to 30 minutes	26%
30 minutes to 2 hours	53%
2 to 4 hours	3%
More than 4 hours	0%

If your response time is two hours or less, how does your pay plan encourage timely follow-up?

Not at all	62%
Bonus tied to response time	12%
Response time addressed through other goals (close ratios, kept appointments, other)	26%

Dealers queried on intentions for 2006 holidays

Holidays can pose a challenge for retailers. "Should I be open for sales on Christmas Eve? What about the service department? What are my competitors doing?"

Automobile Mechanics' Local 701 throws a minor wrench (pun intended) into any dealer plans to emulate traditional holiday dates. The union this year recognizes Christmas Eve and New Year's Eve on Fridays, Dec. 22 and Dec. 29, respectively.

Please use the flyer in this newsletter to list your dealership(s) and the business hours you intend to keep on this year's notable remaining holidays.

Fax completed flyers to the CATA at 630-495-2260.

Responses received by May 17 will be tallied and reported in the May 22 edition of this newsletter.

Auto buyers flocking to dealer Web sites

Used nearly as often as newspapers

New-car buyers visiting dealership Web sites have increased by more than 70 percent over the past four years, according to market research released April 24 by Friedman-Swift Associates, an automotive marketing research firm in Cincinnati, Ohio.

Last year, 30 percent of new-car buyers visited dealers' Web sites, compared to 35 percent who looked at dealers' advertising in local newspapers.

"Newspapers have to be concerned," says Friedman-Swift Associates President Judy George. "Five years ago, dealerships centered their advertising strategy on big ads in local newspapers. Now, more car buyers use dealer Web sites which, in some markets, are less expensive than the cost of a single newspaper ad."

The Friedman-Swift research, based on
SEE WEB SITES, PAGE 2

As gasoline prices climb, sales of new vehicles with 8-, 6-, 4-cylinder engines remain stable—for now

Despite the perception of rising gas prices, U.S. consumers continue to buy about the same proportion of new vehicles equipped with eight-, six- or four-cylinder engines as they did in the summer of 2005, according to the real-time retail transaction data released April 24 from the Power Information Network (PIN).

In January, February and March of 2006, nearly one-quarter of all new vehicles purchased by consumers in the United States have been equipped with eight-cylinder engines. In July, August and September of 2005, sales rates of eight-cylinder vehicles were 28 percent, 23 percent and 24 percent, respectively.

Sales rates of six- and four-cylinder engine-vehicles also have been constant. New cars and light trucks with six-cylinder engines have accounted for 40 percent to 42 percent of all new-vehicle retail sales during the past nine months, and products with four-cylinder engines have comprised about 30 percent to 33 percent overall.

“So far, the perceived gas price increases have not had any discernable impact on new-vehicle buying patterns, at least with regard to the size of the engine,” said Tom Libby, senior director of industry analysis at PIN.

“Gas prices are certainly becoming a popular dinner and water cooler discussion topic, but consumers appear to be conditioned to prices at current levels,” said Jeff Schuster, executive director of global forecasting at J.D. Power Automotive Forecasting.

“We do not expect a significant change in the kinds of vehicles consumers purchase as a result. It is, and will be, all about choice for consumers. There are several smaller vehicle options coming, as well as fresh products in the full-size SUV segment,” said Schuster.

Additionally, the days-to-turn rate (the number of days a vehicle spends on a dealership lot) has remained constant for each of the engine categories: new vehicles with eight-cylinder engines have turned about every 68 to 74 days; six-cylinder vehicles every 61 to 68 days; and four-cylinder vehicles every 39 to 49 days.

Four-cylinder vehicles have consistently turned faster than the overall industry average (59 to 65 days), while six-cylinder and eight-cylinder vehicles have turned slower.

PIN's data are based on the collection and analysis of daily new- and used-vehicle retail transaction information from more than 10,000 automotive dealership franchises in North America. The data incorporate consumer demand and sales information.

Web sites

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telephone surveys with 12,270 new car customers in 2005, shows the number of people using dealer Web sites is climbing rapidly.

“In 2001, only 17 percent of new-car buyers went to their dealer's Web site before they bought a car,” said George. “Now, more people see the Internet as a quick source of information about a specific car or a specific dealership.”

Import car buyers are more likely to click on a dealership Web site than GM, Ford or Chrysler owners, according to Friedman-Swift's research.

Thirty-six percent of import car buyers in 2005 looked at their dealer's Web site before they bought their vehicle, compared to 25 percent of domestic car buyers, George said.

While the number of people who go to Web sites has surged, the number who use newspapers to help choose a dealership has declined slightly. Three years ago, George said, the number of car buyers who consulted local newspapers before they bought their car was 37 percent.

NADA seminar coming to Rosemont

Service managers, general managers, and fixed operations managers can benefit from a four-and-one-half-day NADA seminar, “Take Control of Your Service Department,” that will be held June 12-16 at the Hyatt Rosemont hotel, near O'Hare International Airport.

Robert Atwood of the NADA Dealer Academy will teach attendees to lure back service department customers and increase customer satisfaction and improve gross profits.

Cost is \$1,850 for members of the National Automobile Dealers Association or \$1,750 for NADA 20 Group members and DCA graduates. The fee for NADA nonmembers is \$2,350.

To register, call 800-252-6232, ext. 2, or visit www.nada.org/seminars/

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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 dating to 1998 or search by subject at <http://cata.drivechicago.com/>

Jerry H. Cizek III President, Publisher
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Dealership buy/sell update: It's a buyer's market but sellers don't know it

Domestic dealerships continued to be the drivers of buy/sell activity during the first quarter of 2006, said the president of the Apex Group, a firm that develops buy/sell packages for its dealership clients.

Greg Gilmore said that, despite what dealers may have heard, "overall valuations of dealerships have actually remained consistent with last year. Any difference in multiples is attributable to individual franchises. Valuations for Toyota, Honda, BMW, and Lexus continue to climb, while goodwill for domestic dealerships appears to have settled in at 1.5 to 2.5 times actual earning potential before taxes."

That means there still is plenty of opportunity for savvy dealer operators in the market for expansion.

For automotive manufacturers looking to extend their market presence, Gilmore sees Hyundai as "the industry's most aggressive manufacturer" with respect to adding new franchise points.

Dealership buy/sells have become

considerably more complicated, with the rising cost of prime real estate, factory "image" programs, and ballooning

floor plan expenses posing more important considerations in negotiating dealership transaction prices.

FLSA mandates records retention

Under the Fair Labor Standards Act, dealers must make, keep and preserve records. Although no particular order or form is prescribed, records must list information in detail.

Well-documented records and timekeeping are very important because controversies often are resolved in favor of employees when necessary documentation is lacking. In addition to FLSA records referenced below, it is recommended that detailed job descriptions and written pay plans be maintained for all employees.

Keep the following records for employees entitled to both minimum wage and overtime:

1. Full name and employee symbol or number identifier used on any records
2. Social Security number
3. Home address, including ZIP code
4. Date of birth, if under age 19
5. Sex and occupation
6. Day and time and day when employee's workweek begins
7. Regular hourly pay rate and basis on which wages are paid
8. Hours worked each workday and total hours worked each workweek
9. Total daily or weekly straight-time earnings or wages
10. Total weekly overtime excess compensation
11. Dates, amounts and nature of additions to and deductions from wages
12. Total wages paid each pay period
13. Date of payment and the pay period covered by the payment

For exempt employees, limited records must be kept:

- For employees covered by the "white collar" and *outside salesperson* exemptions, maintain and preserve all of the items listed above **except for 6 through 10**. Note the basis on which wages are paid for each pay period to permit a calculation of total remuneration, including perks and fringe benefits.

- For *salespeople, partsmen and technicians*, maintain and preserve all of the items listed above **except for 6 and 9**. Keep data and information regarding the basis on which wages are paid.

- For *commission employees*, maintain and preserve all of the items listed above **except for items 6, 8, 9 and 11**. Note if individuals are *commission employees* and keep copies of employment agreements that show the basis of compensation, the length of the agreement, and the effective dates.

These and other records must be preserved for at least two to three years, depending on the type of record. For more details or for more information on the FLSA, see the NADA publication, "A Dealer Guide to the Fair Labor Standards and Equal Pay Acts," from which this article is excerpted. That and other NADA publications can be ordered online at www.nada.org/mecatalog/

Nominations underway for 2007 TMQDA

Nominations for the annual Time Magazine Quality Dealer Award, which honors new-car dealers for their business acumen and community service, must be received by the CATA by Friday, June 9.

All nominations should be submitted using the nomination ballot included with this newsletter. Criteria for eligible nominees appear on the ballot.

The Civic and Dealer Relations Committee of the CATA board of directors will review all nominations and submit the name of one CATA candidate for consideration for the national award.

Winners will be announced next winter at the NADA convention.

Is your dealership 'deaf friendly'?

Deafness is the second most common disability, and more than 28 million Americans are deaf or hearing impaired. Figures from the 2000 U.S. Census Bureau show about 700,000 deaf and hard-of-hearing people reside in the Chicago market.

Some dealers have considered providing sign language interpreting services. American Sign Language—a visual and manual language made up of signs created with the hands, facial expressions, and body posture and movement—is the primary language of the “functionally deaf.”

When a deaf or hard-of-hearing person buys a car, he needs clear and accurate communication.

“I often rely on a sign language interpreter to make situations more accessible. I prefer to have things presented to me in my native language, ASL,” said deaf Chicagoan Raymond Rodgers. Rodgers owns an interpreting referral agency, Deaf Communication By Innovation.

Since both public and private organizations must comply with the Americans with Disabilities Act, which, among other things, regulates communication for the deaf and hard-of-hearing, the demand for interpreters has increased dramatically.

Rodgers recommends dealers to use qualified interpreters from an interpreting referral agency, for the best communication with deaf customers who know ASL.

Marketplace

Office Manager Supervise staff, oversee accounts payable/receivable and cash transactions. Implement end-of-month closing, manage customer service. Michael McKee, 708-444-4093.

Congratulations!

James DaLuga of Libertyville Toyota was named to the Toyota Board of Governors.

The 2005 Acura Precision Team-Dealerships of Distinction includes **Acura of Libertyville, Continental Acura of Naperville, McGrath Acura of Westmont, and Muller's Woodfield Acura**. In all, 49 Acura dealers nationwide were named Dealerships of Distinction.

Bredemann Toyota (Park Ridge), Elgin Toyota, Elmhurst Toyota, Fox Lake Toyota, Oak Lawn Toyota, Oakbrook Toyota in Westmont, and Waukegan Toyota were recipients of the 2005 Toyota President's Award.

Chrysler Financial's 2005 Elite Dealer Club members include **Mancari's of Des Plaines, Mancari's of Oak Lawn, Mancari's of Orland Hills, and River Front Chrysler-Jeep (North Aurora)**.

Hybrids certified for new energy tax credit

The Internal Revenue Service permits the following hybrid-vehicle factory certifications and credit amounts:

- 2006 Ford Escape Hybrid, front-wheel drive: \$2,600
- 2006 Ford Escape Hybrid, 4WD: \$1,950
- 2006 Mercury Mariner Hybrid, 4WD: \$1,950
- 2005 Toyota Prius: \$3,150
- 2006 Toyota Prius: \$3,150
- 2006 Toyota Highlander 4WD Hybrid: \$2,600
- 2006 Toyota Highlander 2WD Hybrid: \$2,600
- 2007 Toyota Camry Hybrid, \$2,600
- 2006 Lexus RX400h 2WD: \$2,200
- 2006 Lexus RX400h 4WD: \$2,200
- 2007 Lexus GS 450h, \$1,550

The tax credit for hybrid vehicles applies to vehicles purchased on or after Jan. 1, 2006. It replaces the tax deduction of \$2,000 that previously was allowed for the purchase of new hybrid vehicles before Dec. 31, 2005.

The new tax credits come at a time when sales of some hybrids have begun to slow, according to The Wall Street Journal. “Hybrids like the Toyota Prius and Honda Civic Hybrid,” the newspaper reported, “still enjoy strong demand.

“But the slowdown for some other models comes as more consumers are questioning whether hybrid vehicles deliver sufficient fuel savings in real-world driving to justify the extra cost of the technology.

“Consumer demand for hybrid gas-electric vehicles is being watched closely by auto executives and advocates of technology to cut automotive petroleum consumption.”



Dealers, act now to be part of the CATA's annual golf outing on June 12. Fewer than half of the openings remain for the 12 p.m. shotgun start!