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FTC: Regulations apply to online ads, too

Dealers, like most retailers, want their advertising to be seen by as many eyes as possible. But they should remember that some of those eyes work at the Federal Trade Commission, and the FTC has undertaken seven separate rounds against dealers since 2012 for violations of motor vehicle advertising regulations.

Settlements with the FTC can include monetary fines and consent orders, or agreements that the dealer will not make other advertising misrepresentations for the next 20 years.

A West Virginia dealer in September agreed to pay a \$80,000 civil penalty after the FTC charged Ramey Motors with violating the terms of a 2012 consent order that barred it from decep-

tively advertising the cost of buying or leasing cars.

Dot com ads are probably the biggest area currently for FTC enforcement, with common infractions that include special Internet pricing for vehicles that is different than in other ads.

The same consumer protection laws that apply to commercial activities in other media apply online, including activities in the mobile marketplace. The FTC's prohibition on "unfair or deceptive acts or practices" encompasses online advertising, marketing, and sales.

In addition, many Commission rules and guides are not limited to any particular medium used to disseminate claims or advertising, and therefore, apply to the wide spectrum of online activities.

A new generation of digital marketing

As the next generation of vehicles hit the road, whether or not a vehicle is equipped with the latest technology features is becoming more of a consideration than ever before, according to a recent J.D. Power report.

The 2015 U.S. Automotive Media and Marketing Report found that more than 43 percent of premium brand drivers and 28 percent of non-premium brand drivers cited their vehicle's technology as a key reason they purchased that specific vehicle.

This growing demographic of auto buyers places a higher value on in-vehicle technology, and they aren't going to

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Parts departments focus of scammer, who gets \$4,873 from one

A woman approached at least two area dealerships this fall in pursuit of vehicle parts and was involved in the use of a fraudulent credit card at one of the stores to steal parts worth more than \$4,800.

The woman reportedly approached one of the dealerships on Oct. 8, but the dealership stopped the transaction after her card could not be swiped in its card reader machine. Three days later, she went to another dealership, but the

banks of the two credit cards she offered denied the transactions. She returned to the second store a couple days later with a man who offered his credit card for the parts.

When the man's card similarly failed to swipe, the dealership manually entered the card numbers, and the pair left with parts totaling \$4,873. Later in October, the second dealer was informed that the bank was denying payment for the parts, citing fraud.

The woman is described as African-American with shoulder length hair, 30 to 35 years old, and between five feet six inches and five feet eight inches. The man, also African-American, is 40 to 45 years old, stands five feet nine inches to six feet, and has a shaved head.

Dealers should be aware of the recent deadline for merchants to switch from equipment that swipes the magnetic strip of credit and debit cards to

SEE **FRAUD**, PAGE 2

Grassroots advocacy: Getting involved does make a difference

By **BILL FOX**

2015 NADA CHAIRMAN

The National Automobile Dealers Association was formed in 1917 when a small group of auto dealers came to Washington, D.C., and successfully lobbied Congress against a proposed luxury tax on automobiles. And for nearly 100 years, the NADA has been advocating fiercely for new-car dealers on Capitol Hill.

However, the work of the NADA's legislative and lobbying staff cannot be done alone. The nation's 16,500 dealerships — which last year provided and supported more than 2.2 million private-sector jobs totaling \$144 billion in employee compensation — need to engage and support the NADA's grassroots efforts back home in congressional districts across the country by building long-term relationships with elected officials.

There are many members of Congress who do not understand how an auto dealership operates, despite purchasing vehicles for their families and their campaigns. When elected officials learn and understand the retail-auto industry, they become better informed about how their decisions in Washington affect the ability of dealers to invest and grow their businesses. And when future public policy issues arise, they can rely on those relationships to consult with local dealers.

One of the most effective

ways to build a relationship is to invite a member of Congress to the dealership and meet with employees and discuss NADA's legislative priorities, such as the NADA-backed legislation, H.R. 1737, which preserves the financing option for car buyers to receive discounted financing rates on auto loans from the dealership. Currently, there are 156 House members (63 Democrats and 93 Republicans) who support the bill, which is expected on the House floor in the near future.

New video: Dealer-assisted financing benefits consumers

To better inform elected officials and opinion leaders about the true economic value of dealer-assisted financing for consumers, the NADA has produced a new video with stories of real car buyers who saved money by financing their new-vehicle purchases through local dealerships. To view the video with your elected officials, visit www.nada.org/autofinance.

New brochure: Invite a member of congress to the dealership

To assist dealers in building these important relationships, the NADA published the brochure, "3 Easy Steps to Making the Grassroots Connection," which provides quick and easy instructions on how to get started. Back in August, I hosted Congressman John Katko, R-N.Y., at my Toyota dealership in Auburn, N.Y., for a

one-hour tour and meeting with my employees, and I plan to regularly engage with Congressman Katko in the following months.

One of the best times to schedule a dealership visit is during congressional recess breaks when members of Congress are working in their home districts and meeting with constituents. For the remainder of 2015, there are three more recesses scheduled, with additional recess breaks planned in 2016:

- Nov. 9-13 (House in recess);
- Nov. 23-27 (House and Senate in recess); and
- Dec. 21-31 (House and Senate in recess).

For more information about inviting a member of Congress to your dealership, contact Patrick Calpin, NADA director of grass-

roots advocacy, at (202) 547-5500 or pcalpin@nada.org or visit www.nada.org/grassroots.

Patrick can personally assist and connect you with your legislators along with scheduling and coordinating the visit. He also can help ensure that you are prepared with talking points and copies of NADA issue sheets to share with the legislator during the visit.

As the retail-auto industry continues to grow, our grassroots dealer network continues to evolve and our level of involvement needs to be strengthened. By building these relationships with the lawmakers we elect to represent us in Congress, we can take the first step to protect and grow our businesses, much like those dealers did nearly 100 years ago.

Fraud

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equipment that reads cards with chip-embedded security. Since Oct. 1, those merchants who continue using the older equipment assume liability for all transactions that are found to be fraudulent.

The office manager of the victimized dealership said her store has the new equipment, but it was not used because the card presented for payment did not have an embedded chip.

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

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U.S. to include rear-crash avoidance systems in safety ratings

The National Highway Traffic Safety Administration said Nov. 2 that it will add automatic emergency braking to its five-star rating system starting in the 2018 model year, after first proposing the change in January.

The change comes after many major automakers agreed in September to voluntarily work together with NHTSA toward making the rear crash avoidance technology standard in future vehicles. The systems can prevent rear-end crashes or reduce the impact speed of those crashes by automatically applying the brakes.

“We are adding automatic emergency braking features to the 5-Star Rating System because crash-avoidance technologies can save lives and should be widely accessible,” said U.S. Transportation Secretary Anthony Foxx. “AEB can substantially enhance safety, especially with the number of distracted drivers on the road.”

The NHTSA reports that rear end crashes account for about 1.7 million crashes annually, causing 1,000 deaths and 700,000 injuries — or 3 percent of all fatalities and 30 percent of all injuries. Automakers systems will need to pass NHTSA tests in order to be included as part of the ratings.

After several years of study, the NHTSA opted not to compel automakers to add the technology, instead proposing in January to include the technology in crash ratings.

The agency first included recommended advanced safety technologies as part of the 5-Star Rating System upgrade in 2011. The list first included electronic stability control, forward collision warning, and lane departure warning. In 2014, when ESC became mandatory for all new light vehicles, the NHTSA replaced ESC with another technology, rearview video systems. The NHTSA intends to remove rearview video systems as a recommended technology in model year 2019, when the technology will be standard equip-

ment on all new light vehicles.

In September, 10 major vehicle manufacturers said they agreed in principle to make automatic emergency braking a standard feature on all future vehicles, but haven't set a timeframe.

But officials said automakers will likely have a significant number of years before adding the technology to all vehicles — and it's not clear what performance requirements will be included. There's no penalty if automakers opt to not follow through.

Rosekind told reporters in September that it would take the agency at least seven or eight years before regulations could be written, finalized and in place to mandate the technology.

“We haven't given up anything,” Rosekind said. “This is not slow walking safety. This is like fast track. ... The only reason to do this is if it goes faster (than regulations). ... This is life-saving technology that everyone should have.”

Rosekind said the agency hasn't ruled out eventually proposing regulations to mandate the technology — and the agency has come under pressure from the National Transportation Safety Board to mandate it. “If this can't get it done, we'll do it,” Rosekind said.

Insurance Institute for Highway Safety President Adrian Lund said the group is looking for a commitment from automakers to standardize the technology before 2025. The sensor-based technology can detect a forward crash with another vehicle or pedestrian before it occurs, by alerting the driver to take corrective action or automatically applying brakes.

The companies that have agreed — BMW AG, Ford Motor Co., General Motors Co., Mazda Motor Co, Daimler AG's Mercedes-Benz, Tesla Motors Inc, Toyota Motor Corp., Volkswagen AG and its Audi AG unit and Volvo — will work with the IIHS and the NHTSA in the coming months on the details of implementing the commitment, including the timeline for making it a standard

feature and the performance requirements.

The 10 manufacturers committing to standardizing the technology represented 57 percent of U.S. light-duty vehicle sales in 2014.

Automatic emergency braking include systems aimed at preventing the large number of crashes, especially rear-end crashes, in which drivers do not apply the brakes or fail to apply sufficient braking power. They use on-vehicle sensors such as radar, cameras or lasers to detect an imminent crash, warn the driver — and if the driver does not take sufficient action, engage the brakes.

A report from the IIHS says the technology can reduce insurance injury claims by as much as 35 percent. The IIHS said as many as 20 percent of crashes could be prevented by the technology. “Do the math. That's 5 million crashes every year — 20 percent reduction means 1 million less. Those are big numbers,” Rosekind said.

Automakers have in recent years opposed new mandates, and say they could add thousands of dollars to the cost of a new car or truck. But in the European Union, automakers must now add the systems to get the highest rating in government crash tests.

Rosekind said last month he hopes to see a proposal from the group in the coming months.

In June, the National Transportation Safety Board urged NHTSA to do more to spur the introduction of forward collision-avoidance systems to keep cars from running into those in front of them.

Since 2012, the NTSB has asked NHTSA to mandate new safety technologies in all vehicles, which could dramatically reduce the number fatalities caused by driver distractions. But the auto safety agency hasn't agreed to do so.

The NTSB first started calling for the development of vehicle technologies to help avoid crashes in the mid-1990s.

Digital

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make what is still considered the second largest purchase for most households without doing some research — which, for this generation, means hitting the Internet via their mobile devices. In order to stay relevant, the automotive industry has had to adapt to evolving consumer, safety, and technological trends.

One way they have done this is by changing how they advertise to consumers, with two factors in particular reshaping the automotive landscape more than any other: data and the proliferation of mobile devices.

Data is everywhere

There are many facets to “Big Data” that have impacted the automotive industry. Over the last few years, the largest data-driven change affecting the automotive marketplace is vehicle pricing transparency.

Companies such as TrueCar provide average vehicle transaction prices by local market based on actual dealer-reported data. TrueCar, along with similar services, provides a valuable consumer service, as it helps prospective car buyers answer their most pressing purchasing question: Did I pay too much for my vehicle?

For consumers, the automotive industry has historically been an area where the buying process is often described as only a notch above a trip to the dentist in terms of enjoyment, a sentiment derived from the expectation that buyers will have to haggle on price and may end up paying too much.

But with average transaction price data more readily available, the dealership experience for most people has moved from “shopping and haggling” to simply “buying.”

Just 10 years ago, according to J.D. Power statistics, the average car buyer visited 4.5 dealerships prior to purchase, whereas last year, that number fell to 1.4 dealership visits. This is a huge shift in consumer behavior, and is largely being

driven by the accessibility that vehicle buyers have to data before even setting foot in a dealership.

Mobile devices are changing how we engage

In an era of instant gratification and the ultimate customer experience, automotive marketers are being heavily pressured to adapt to cater to a new type of customer, one who gets her information in a way previous generations haven't.

The average U.S. household has gone from less than three IP-connected devices to more than 10 in a relatively short period of time. With the spike in the number of IP-connected devices in the household, cookie-based targeting isn't always able to keep up with users from device to device. For automotive marketers, that poses the problem of not being able to establish a singular view of each vehicle buyer. They are beginning to realize that their “last-click” or “last-view” attribution models are over-valuing search in lieu of their broader digital media footprint in actually driving purchase.

To help them connect with this new generation of “hyper-connected” consumers, some automakers have turned to a new approach that is now emerging from the advertising industry called people-based targeting, which allows automotive marketers, for the first time, to accurately link all devices and vehicle buyers. People-based targeting goes beyond the transient cookie on the laptop or desktop and considers the entire device graph of the perspective vehicle buyer. With a people-based approach, automotive marketers are able to more accurately target identified consumers based on in-market shopping behavior such as KPIs, vehicles researched online, and recent lifestyle changes.

In doing so, automotive marketers are able to deliver personalized messaging to vehicle buyers across all their connected devices and truly manage reach and frequency. Most importantly, they can now close the loop by factoring in offline vehicle sales — empower-

ing them with a full and accurate picture of return on their ad spend.

Today, the wants and needs of the vehicle buyer during the purchasing process are in the forefront for the first time.

Collision school seeks donated scrap parts

The Collision Repair Education Foundation, a federal 501c3 charity based in Hoffman Estates, supports high school/college collision repair school programs, students, and instructors. The organization is asking for dealer support by donating any scrap parts (fenders, bumper covers, hoods, doors and the like) to benefit Chicago area collision school programs.

Arlington Heights Ford has donated more than \$100,000 in parts over the past several years through this program, and the parts have been distributed to several Chicago area collision school programs. Please consider joining Arlington Heights Ford in donating parts that collision students can practice on at their schools.

Through generous supporters around the country, the Education Foundation has provided more than \$40 million in monetary and in-kind product donations to collision school programs, and helps ensure that the students receive the best technical education possible and are ready upon graduation for entry-level employment.

Dealerships that are interested in donating (tax-deductible) parts to collision school programs should contact Brandon Eckenrode, the Education Foundation's director of development, at (847) 463-5244 or Brandon.Eckenrode@ed-foundation.org.

For additional information about the Education Foundation, visit CollisionEducationFoundation.org.