



Elite dealers confident but depend more on used vehicles, fixed ops

Five hundred top dealerships remain confident in their overall outlook for the rest of 2019 but are leveraging pre-owned sales and fixed operations as the new-car market softens.

As a number of automakers report declining sales, the WardsAuto Dealer 500 tally, which ranks the top U.S. dealers by 2018 total operating revenue, reflects that trend.

The elite collection — consisting

largely of dealer groups with geographic and franchising scale — posted new-vehicle revenue of \$35.9 million, down from \$36.5 million in 2017. New and used unit sales in 2018 down-ticked to 1,613,813 from 1,614,106 in 2017.

Total dealership revenue, however, increased in 2018 to \$61,575,290,513 from \$61,337,297,347 in 2018, thanks in large part to greater proceeds from used cars, finance and insurance, and

service and parts.

Automakers and dealers alike have been enjoying the fruits of a nearly 10-year national economic expansion which is poised to become one of the longest periods of U.S. economic growth.

But dealers are feeling undercurrents that require adjustments to their operations.

Higher vehicle prices are driving
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Secretary of state selling process to out-of-state dealers explained

The Illinois secretary of state's recent revised procedure for the state's dealers to follow when selling vehicles to out-of-state dealers and wholesalers is meant to stop brokers and others posing as dealers, who then try to resell the vehicles in Illinois as private individuals.

Such vehicles often have faulty odometer readings or other issues that can go undiscovered because private sellers do not face the stringent regulations that dealers face.

By administrative directive, the office's Vehicle Services Department in August directed Illinois dealers and auctioneers who sell a vehicle to an out-of-state dealer and wholesaler to stamp the on the vehicle title the following statement in 36-point font: NOT FOR RESALE WITHIN ILLINOIS or, alternately, NOT FOR RETAIL SALE WITHIN ILLINOIS.

The statement should be applied with a stamp or marker. If a dealer uses an auction-



eer to sell the vehicle, it is the auctioneer's responsibility to stamp the title, not the dealer's, said Ernie Dan-

nenberger, director of the vehicle services department.

The department subsequently amend-

ed its directive to be required only when a vehicle is sold for less than \$5,000 and weighs less than 12,000 pounds. One new-car dealer near the Wisconsin line said that amendment would exempt 90 percent of the vehicles he sells to out-of-state dealers, as most of his deals are for more than \$5,000.

The department might go to the General Assembly to ask legislators to incorporate the directive into the state's title laws.

Americans still feeling pressure to ‘keep up with the Joneses’

For decades, Americans often measured their success by the size of their house and, perhaps even more so, what kind of car was sitting in the driveway. A new study suggests not much has changed.

In fact, the pressure to “keep up with the Joneses” is still a significant factor in today’s purchase or lease decision, according to a survey by Bankrate.com, a financial news website.

Nearly one in five U.S. adults (18 percent) say they have felt pressured to spend more than they were comfortable with on a car in order to appear successful in the eyes of others, the website study reports. The pressure to have the latest and greatest cars, trucks and sport-utilities only ramps up with the arrival of kids.

Twenty-nine percent of parents with children under age 18 are the most likely to have felt pressured to over-

spend on a car to look successful. This feeling of needing to drive a fashionable or impressive vehicle has hit a surprising group of people: millennials.

The group once thought to care more about phones than cars is not immune to the scrutiny of what sits in their driveway. Twenty-six percent of millennials (ages 23-38) say they’ve felt this pressure compared with 14 percent of older buyers.

Additionally, men are more likely than women (21 percent versus 14 percent) to feel it while vehicle owners who make \$80,000-plus a year are more likely than those who make under \$40,000 (21 percent versus 16 percent). This issue isn’t just limited to cars.

The survey also found that nearly half (49 percent) of Americans feel pressure to overspend in order to look successful in the eyes of others.

Confident

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some customers away from new purchases and toward the used-car lot. The average new-vehicle transaction price in April was \$36,642, up 3.3 percent from year-ago levels, according to the National Automobile Dealers Association. Compare that to the April average used-vehicle transaction price of \$20,979 (which itself is up 3.8 percent from 2018).

“We have seen credit standards tightening in recent months, with a larger share of auto loans being made to

more creditworthy customers,” said Patrick Manzi, the NADA’s senior economist.

He notes uncertainty over “the implementation of tariffs on imported autos and auto parts, which if implemented later this year will cause new-vehicle prices to rise and sales to fall.”

Wards Intelligence predicts light-vehicle sales of 16.8 million to 16.9 million this year after four years of deliveries exceeding 17 million units.

Still, consumer confidence remains high. The University of Michigan’s Index of Con-

The most popular items respondents say they’ve felt pressured to overspend on include clothing, shoes and jewelry (23 percent) as well as social activities and dining out (22 percent).

And while the most com-

mon offender in perpetuating overspending expectations is friends (37 percent), respondents also feel pressure from spouses or significant others (30 percent), extended family (25 percent) and their own children (23 percent).

In Memoriam

Michael C. Anderson, proprietor of namesake Chevrolet dealerships in Chicago and Merrillville, Indiana, died Sept. 1 after a two-year battle with cancer. He was 67.

Mr. Anderson graduated from Glenbrook South High School in Glenview in 1969, then followed his family to Crown Point, Indiana, where his father opened Bob Anderson Pontiac. Mr. Anderson worked there until 1980, when he opened Mike Anderson Pontiac-GMC in Logansport, Indiana. He later acquired five more new-car stores.

The Automotive Dealer Association of Indiana honored Mr. Anderson in 2013 with the Hermann Goodin Civic Service Award, given to dealers who display civic and patriotic activities.

Survivors include his wife, Linda; sons Mike and Daniel; a daughter, Katy; and five grandchildren. Memorials appreciated to the Cass County Community Foundation’s Mike Anderson Family Unrestricted Fund, in Logansport, Indiana.

sumer Sentiment for June 2019 was 98.2, unchanged from a year ago.

“Good times during the year ahead were expected by 59 percent of all consumers in May, the highest figure since the start of 2015,” said

Richard Curtin, the university’s director of consumer surveys. “The proportion of consumers who anticipated an economic downturn during the next five years fell to 38 percent, the lowest level since 2004.”

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Frankfurt Auto Show to tout green credentials amid climate protests

The Frankfurt Auto Show will champion sustainable driving and electric cars, Germany's auto industry association, the VDA, said on Sept. 2, as it seeks to head off protests from climate activists.

Security has been tightened for the Sept. 11-22 event after an activist group last month smashed up 40 luxury vehicles and called for the show to be scrapped.

"We will make our contribution to climate protection and invest massively in sustainable individual mobility," Bernhard Mattes, president of the VDA (Verband der Automobilindustrie) told journalists at a press conference guarded by riot police.

The VDA has invited activists to join public debates before and after the show, Mattes said, as activists unveiled a banner saying "cars have been overtaken" outside the press conference.

"We wish to provide intelligent answers to the most urgent questions about the future of mobility," Mattes said, explaining that the dwindling number of exhibitors was no longer a measure of success for the IAA, as the exhibition is known.

"We are experiencing a transformation from the world's largest car showroom to the most relevant platform. A trend can be seen among all the major exhibitions: The relevant point is no longer the size of the area, but the ex-

tent of the media reach," Mattes said.

The VDA said exhibition space had been cut from more than 2 million square feet in 2017 to about 1.8 million square feet this year, and formats had been changed to include more interactive debates.

The number of exhibitors has shrunk to about 800 this year, from 994 in 2017. Fiat, Volvo, Mitsubishi, Nissan, Subaru, Chevrolet, Cadillac and Aston Martin will skip the show and only five exhibition halls will have new cars, instead of eight.

The Frankfurt show will, however, remain a key venue for German manufacturers to show off their wares.

Nearly all new vehicles by '25 to be sold with systems to avoid hot-car deaths

Major automakers said Sept. 4 that they have agreed to equip nearly all U.S. vehicles by model year 2025 with systems to remind motorists of passengers in the back seat, in an effort to avoid deaths of young children left behind in hot cars.

The announcement on so-called rear seat reminder systems comes as the U.S. Congress has been debating the issue. In July, the Senate Commerce Committee passed by voice vote legislation to eventually require automakers to install technology on new vehicles alerting exiting parents to check for

children in the back seat.

The automakers from two trade groups representing nearly all automakers said the companies are committing to include audible and visual alerts on vehicles by the 2025 model year but could get an additional 12 months for vehicles about to be redesigned and could exempt emergency motor vehicles.

The 20 automakers taking part represent nearly 98 percent of all U.S. vehicle sales.

Lawmakers said more than 800 children in parked vehicles have died from heat-stroke in the United States

over the last two decades.

The systems generally operate to alert a driver to the presence of a child if a rear door was opened at the start of a trip. Some safety advocates want a more advanced system that would detect the actual presence of a child in the back seat.

Mississippi Sen. Roger Wicker, a Republican who chairs the Commerce Committee, said in an interview that the voluntary agreement makes the legislation unnecessary. Under the legislation being considered, the National Highway Traffic Safety Administration would

be compelled to write regulations and then automakers would have at least two years' lead time.

"This gives us essentially everything we've asked for and it does it sooner," said Wicker, who added the Transportation Department plans to use some discretionary funds for a public information campaign. "It is a huge win."

The NHTSA typically takes years to write regulations. For example, a proposal to require automakers to send email notifications of recalls has been pending for more than three years.

Waymo urges US to 'promptly' remove barriers to self-driving cars

Waymo, the self-driving car unit of Google parent Alphabet Inc, on Aug. 29 urged the National Highway Traffic Safety Administration to "promptly" remove regulatory barriers for cars without steering wheels and brake pedals.

Automakers currently must meet nearly 75 auto safety standards for self-driving cars, many of them written under the assumption that a licensed driver is in command of the

vehicle using traditional controls.

For more than three years, the NHTSA has been grappling with how to address those requirements, while filings from major companies in late August shed light on complex issues surrounding testing, acquiring and evaluating fully self-driving vehicles.

Aussie fintech to enter US market

Australian financial technology startup CarDeals2Me is in the final stages of preparations for a U.S. rollout on the heels of growing its Canadian presence, Chief Executive Shaun Sumaru said.

The 2-year-old company later this year will start testing a new product in the U.S. that enables consumers to complete the vehicle purchase and finance process without physically going to a dealership. Once the platform is in full swing in the U.S., Sumaru said he expects to add 30 lenders spanning a range of geographies and credit levels.

The company already has a growing presence in Canada.

“Even though the engagement via our platform (in Canada) was great, there was still a steep consumer drop-off when they transitioned to the dealership directly, which is leading us to create a better experience for those consumers wanting to

deal indirectly with dealers or brokers for finance and the end purchase,” Sumaru said. “There was a customer service disconnect.”

After six months in Canada, consumer engagement on the platform is 10 times what it was in the company’s first six months in Australia, Sumaru said. For reference, app traffic in June hit 16,000 visits. “The system wasn’t set up to scale that quickly,” he said, adding that the team enhanced the app’s framework to support the growth anticipated in the U.S. market.

CarDeals2Me is an app that provides car buyers with a price quote that expires within 24 hours. The company partners with financiers, OEMs and dealerships in Canada, Australia and New Zealand. Consumers choose a car on the app and apply for financing, and then they receive a quote in 24 hours on the new or used car with trade-in option.

Waymo

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“(The) NHTSA should move promptly to remove barriers while ensuring safety,” Waymo said in a letter posted after the auto safety agency sought public comment in May “on the removal of unnecessary regulatory barriers to the safe introduction of automated driving systems.”

The NHTSA should first work on addressing those safety standards that assume a human is behind the wheel before revising rules to address alternative seating configurations, Waymo said.

That will “enable the timely deployment” of vehicles without manual controls, Waymo added.

In its comments, General Motors said “it is imperative that NHTSA continue to drive this critical dialogue with a sense of urgency so that the necessary regulatory evolution keeps pace with advancing technology.”

CATA’s Chicagoland Dealers Care matches dealer charity grants

Dealerships play an extremely vital role within their local communities, and the CATA is aware that many of its dealer members already support local charitable organizations.

To help those contributions go a little bit further — and broadcast that message a little bit wider — the CATA is again accepting applications for its Chicagoland Dealers Care program.

The CATA began the Chicagoland Dealers Care program in 2008 to build upon the charitable efforts of Chicagoland’s



metropolitan dealers who graciously donate to causes year-round. The program matches up to \$1,500 per dealership and charitable organization.

The CATA has been a longtime supporter of local non-profit organizations. Since its inception in 2008, the Chicagoland Dealers Care program has donated more than \$100,000 to local charitable organizations supported by new-car dealers.

Comcast Spotlight workshop: Maximizing Marketing Efficiency for Auto Dealers

Automotive expert Brian Pasch, the chief executive of PCG Companies, conducts the free interactive workshop 11:30 a.m.-3:30 p.m. Sept. 10 at the CATA office in Oakbrook Terrace.

With 20-plus years in information technology and marketing leadership, Brian travels extensively around the globe to educate automotive professionals on consumer shopping patterns, online marketing strategies, and selling more vehicles in the digital age.

Some important topics to be reviewed:

- How to inspect and calculate Cost Per Sales Opportunity
- Inspecting and optimizing your No. 1 FREE marketing tool
- Creating a modern marketing strategy and brand promise

Register at <https://go.comcastspotlight.com/2019PaschEvents.html>. Recommended audience: Dealers/GMs/Digital Managers with their laptops and login credentials to Google Analytics and Google My Business accounts.