



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:

Premiering Thursday, Nov. 13 at 12 p.m. CST

“New IRS Tax Policies and Applications Help Defray Image Program Construction Expenses”

OEM-mandated image improvements have big-ticket costs. Learn about tax strategies that can help offset the cost of construction.

SEE WEBINARS, PAGE 2

DriveChicago.com, AIM to deliver auto shoppers directly to CATA-member dealer websites

DriveChicago.com, the automotive portal owned and operated by the Chicago Automobile Trade Association, is partnering with Automotive Internet Media to help CATA dealer members get more exposure to vehicle inventory and dealership websites.

“Automotive portals are fantastic for helping auto shoppers find vehicles,” said Tony French, president of AIM. “DriveChicago.com is terrific for Chicagoland auto shoppers because they can see every dealership’s inventory without going back and forth between other sites.

“DriveChicago.com is provided free to CATA dealers, and it has become a clearinghouse for Chicago area automotive information.”

Until now, DriveChicago.com worked like most other automotive portals. When a consumer modified the search based on her vehicle preference and clicked into a

specific vehicle, the DriveChicago.com vehicle-detail page would render. Now, participating dealers will have the ability to drive the consumer who is interested in a specific vehicle from DriveChicago.com directly to the vehicle-detail page on the dealership website.

For Chicago auto dealers, this increases the opportunity for high quality leads. Leads from third party automotive portals have been decreasing in quantity and quality for years, as car shoppers are becoming more reluctant to submit their personal information through third-party lead forms.

Working directly with the dealership builds consumer trust and dramatically increases lead conversion because consumers know they are connecting with the business that can help them. It’s a much safer and better experi-

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Marketplace

Billers/License & Title Specialist 30+ years in auto industry, with compelling knowledge of ADP, CVR, other dealer software programs. Experience processing payroll, accounts payable/receivable, license and titles. Dawn Winandy-Stancil, (773) 587-3738.

Webinars

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Construction projects consistent with the image programs of most OEMs are evident just about everywhere. Along with those glowing modern new facades come a hefty price tag. Join CPA Stephen Bedell to discover a few tax strategies that can help offset those costs with tax savings. Learn about new IRS regulations and how they apply.

You will learn about:

- NEW tangible property regulations and their impact on the capitalization vs. expense question
- how the NEW tangible property regs can apply to current and future projects - or even some past projects
- NEW property disposition regulations - options for property being replaced
- how cost segregation studies are impacted by the new regulations
- the IRS documented position on facility image upgrade payments - NEW in 2014

Premiering Thursday, Nov. 20 at 12 p.m. CST

“Getting All Auto Group Parts Mgrs of All OEMs on a Common Reporting System...It’s Not Rocket Science” This presentation examines how to structure parts performance measurements so that common reporting and comparisons make more sense.

Measuring parts department performance in multi-make auto groups can be a challenge. Most will claim that the OEM parts systems are so different and diverse that they prevent Store A to Store B comparisons. Everyone seems to operate with a different set of numbers. Some say it is necessary. Not so says parts and inventory guru Chuck Hartlé.

In this workshop, Chuck will describe and detail for you a process for creating a suite of very basic measurements and reports that allow for comparisons from one store to another regardless of the OEM each dealership represents.

You will learn:

- about common sourcing that will aid cross-store comparisons and communication
- how to set up standard reporting and criteria to help manage results, regardless of OEM
- how to review and adjust source accounting to keep critical asset accounts in line
- how to employ common measurements and terms to avoid cross-brand confusion and disputes

DriveChicago

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ence for the auto shopper.

How it works

AIM will charge dealers a small fee for every customer who is sent to a vehicle detail page on the dealer’s website. Compared to other forms of advertising, the fee charged is below marketing costs. Most important, part of that fee is reinvested back into advertising that will drive more auto shoppers to DriveChicago.com, resulting in greater lead generation.

“This program is a winner for our dealer members, and a winner for DriveChicago.com,” said Tony Guido, chairman of the CATA’s DriveChicago.com Committee and proprietor of Arlington Heights Ford. “Our dealers are getting great traffic directly to their websites at a cost lower than market value. At the same time, they are reinvesting in DriveChicago.com.”

“This marketing program will provide dealers with more options on how they reach Chicagoland auto shoppers.”

French said: “This innovative digital marketing approach is somewhat new to the automotive industry. Most dealerships measure and compare their marketing efforts in terms of leads. This is an important metric to measure; however, the data will tell you the most effective metric in terms of actually selling a car is getting your inventory more exposure.”

“If people don’t know you have a car for sale, they can’t possibly buy it. We are excited to add DriveChicago.com to a network of automotive sites that produce millions of auto shoppers.”

DriveChicago.com was launched in 2000 and has been providing Chicagoland auto shoppers with the ability to see “Virtually Every Vehicle in Town” in one easy-to-use website. The portal lists nearly every vehicle from every Chicago-area new-car dealership, so shoppers don’t need to search multiple websites to find the vehicle they want.

For more information, contact Tony French at Automotive Internet Media, (312) 505-6301 or tony@automotiveinternetmedia.com.

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

The CATA Bulletin is distributed via blast email 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/publication/bulletins.

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NADA's solution reduces fair credit risks

By FORREST MCCONNELL, CHAIRMAN
NATIONAL AUTOMOBILE DEALERS ASSN.

When I met with the Automotive Press Association in Detroit in early October, I had one goal in mind: inform the journalists and industry executives about how the real dealer franchise system works and set the record straight. There's been a lot of misinformation reported in the news lately about the business model of new-car dealerships.

The fact of the matter is that the dealer retail network is the most competitive, cost-effective and pro-consumer model for buying and financing vehicles.

Fierce competition between local dealers in any given market drives down prices for car buyers both in and across brands. If a factory owned all of its stores, it could set prices and car buyers would lose virtually all bargaining power and would be stuck paying the full sticker price. And dealer-assisted financing—which is always optional—provides car buyers with competitive rates on auto financing, which are frequently more affordable than what car buyers can get from a bank or credit union. But the federal government is trying to take away the right of car buyer's to get discounted rates from dealers.

In March 2013, the Consumer Financial Protection Bureau — without prior notice or public comment — issued 'guidance' on indirect auto lending that pressures finance sources to compensate dealers with a flat fee. The CFPB claims that negotiated interest rates between dealers and their customers can create a significant risk of unintentional 'disparate impact' discrimination.

The National Automobile Dealers Association strongly opposes discrimination in any form and fully supports the efforts of the CFPB, the Department of Justice, the Federal

Trade Commission and other federal agencies to eliminate it from the marketplace. However, it is essential that the government address this issue in a way that will effectively address fair credit risks while preserving competition in the marketplace.

A government imposed flat fee model wouldn't benefit consumers because it would eliminate their ability to get a rate discount on their auto financing. Under the current system, dealers have an incentive to select lenders that offer them low wholesale buy rates and dealers frequently have to discount the APRs they offer their customers to earn their business. This dynamic drives down rates for our customers.

If the CFPB were to succeed in getting the industry to shift to an across-the-board flat fee compensation system, dealers' incentive would shift to choosing lenders that pay them the highest flat fee, which in turn would frequently result in higher APRs for consumers.

A mandatory flat fee compensation system also would fail to remove the fair credit risks that a dealer is exposed to when it lacks a legitimate business explanation for earning different amounts in its credit transactions.

Fortunately, the NADA has identified a way forward that addresses both fair credit and competition considerations.

Last January, the association developed the NADA Fair Credit Compliance Policy and Program that provides a dealer with an optional mechanism to promote compliance with fair credit laws. The program was released in partnership with the American International Automobile Dealers Association and the National Association of Minority Automobile Dealers.

The voluntary program addresses fair credit risks by ensuring that the amount of dealer reserve earned in a transaction is supported by a legitimate

business reason. A dealer following the program sets a standard starting point for dealer reserve that it includes in its credit offers to consumers and only deviates from that rate for predetermined, legitimate business reasons. These include the presence of a monthly budget constraint, a more competitive offer and inventory reduction considerations. The dealer documents each pricing decision so that it can demonstrate that it was based on a legitimate, non-discriminatory factor. The NADA program fully incorporates the program created by the Department of Justice for two auto dealerships in 2007 to resolve fair credit cases.

By creating this structure and supporting it with appropriate training and oversight, the NADA program provides a mechanism for addressing fair credit concerns at the consumer, dealer and lender levels.

Reps. Marlin Stutzman (R-Ind.) and Ed Perlmutter (D-Colo.) in September introduced House Resolution 5403, a bipartisan bill that would nullify the CFPB's 2013 auto lending 'guidance.' The bill would require new CFPB guidance involving auto financing to be transparent and open to public participation. Already 118 Members of Congress (46 Democrats and 72 Republicans) in the U.S. House of Representatives have committed to cosponsor or are cosponsors of this important measure. For more information, visit www.nada.org/cfpb.

The NADA Fair Credit Compliance Policy & Program presents the industry with a realistic and effective means of addressing fair credit risks at all levels and in a manner that preserves robust competition in the marketplace. The federal government should encourage its broad adoption.

McConnell is a Honda/Acura dealer in Montgomery, Ala.

BBB finding ‘was \$ ____, now \$ ____’ infractions in area dealer ads

The Illinois Motor Vehicle Advertising Regulations prescribe that there is only one way to advertise a price comparison for a used car. The only comparison that can be made is to a retail value listed in a current, nationally recognized and published price guide book from the current regional issue from the trade area where the advertisement appears.

The advertisement must clearly and conspicuously disclose which book is quoted in close proximity to the advertised price. There also is a required disclosure in at least 10 point bold -faced type: “The value of used vehicles varies with mileage, usage and condition. Book values should be considered

estimates only.” Of course, the original MSRP of the vehicle when it was new can never be used as a price comparison for a used vehicle.

Rule 475.360(d) of the state’s Illinois Motor Vehicle Advertising Regulations governs such price comparisons and bans “was/is” pricing.

A dealer cannot compare a current price for a used vehicle to a price which the dealer set for the same vehicle in the past. Dealers rarely do direct price comparisons in a “was/is” format, although the monitors from the Better Business Bureau detect it from time to time and subsequently issue letters of violation.

The BBB has become aware of current advertising

practices in the Chicago market that may violate this rule in a different way.

Some advertisements claim a price savings event for a limited duration — “3-day price slash,” for example — and apply this event to both new and used vehicles in the same advertisement.

Patricia Kelly, general counsel of the BBB’s Chicago office, warns that dealers must be careful to eliminate such a claim with respect to used cars. “Any general claim of a special lower price event should be applied to new inventory only and not to the used inventory of that dealer,” she said.

Advertisements often feature both new and used vehicles in the same ad. Dealers

should ensure that, as to the portion of the advertisement referencing used vehicles, there is no inference to the reader that the used vehicles are also being offered at lower prices during the price savings event.

Such practice, Kelly said, essentially is “was/is” pricing because the impression for consumers is that the used vehicles have lower prices for the duration of the event than they did before the event and will have after the event is over.

The BBB continues to ensure that dealers have an even playing field in the northern Illinois market so that competition is fair among all dealers.

AutoNation CEO Jackson projects 17 million+ new-car sales in 2015

U.S. auto sales are a cinch to top 16 million this year, and are projected to top 17 million next year, said the chairman and CEO of AutoNation Inc., the nation’s largest auto retailer.

Mike Jackson said those big, round numbers – especially 17 million-plus in 2015 – would really put the Great Recession in the rearview mirror. Sales in 2009 were 10.4 million, the lowest point for U.S. auto sales per capita since World War II, analysts said.

In a recent conference call to discuss third-quarter earnings, Jackson let on like his 2015 forecast was no big deal, since 17 million would only be a few percentage points above an estimated

16.5 million for 2014.

“To forecast a 3 percent increase for next year is not that far out there, as a bold statement,” Jackson said in the Oct. 28 conference call.

“Of course, anything that begins with a 17 has only happened twice before, I recognize that. But I think indeed, the market will break through 17 million,” he said.

The current all-time U.S. record is 17.4 million, set in 2000. However, that level of sales was sustained by price discounting and dumping units into daily rental fleets. The U.S. industry is much more profitable today at lower levels of production and sales.

Even 16 million-plus for 2014 is a big deal by historical standards. The last time U.S. auto sales topped 16 million was in 2007, before the latest recession took hold. Sales in 2013 were 15.6 million, an increase of 7.6 percent from 2012.

“I expect this year to end up around 16.5 million,” Jackson said.

“I mean, think about it. We had a selling rate of 16.8 million in the third quarter. So, we’re going to be in the mid-to-high 16s for the fourth quarter,” he said. “So you’re carrying a very good selling rate into next year.”

Member-discounted tickets to 2015 auto show on sale now

Tickets and vouchers that admit the holder to the 2015 Chicago Auto Show free or at a reduced price can be ordered by CATA members using an order form which is posted at www.CATA.info.

The passes promote goodwill with customers and even can help persuade a prospect to close a deal. Two kinds of

passes are available, General Admission ticket and Weekday Discount voucher. The former, which costs CATA members \$600 for 100 tickets, admits the holder to the auto show free, without a box-office wait. The Weekday Discount voucher costs members \$100 for 100 and admits the holder for \$6 during the week. Regular admission is \$12.