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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 drop-down menu to CATA-DealersEdge webinars.

Coming topics:

Thursday, June 14 at 12 p.m. CDT

"How to Identify and Stop Internal Theft in the Dealership" Internal theft is even more troublesome in a dealership than in other businesses of the same size. Auto dealerships handle a lot of money. Your profit margins may be narrow, but the volume of funds that funnel

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Customers say salespeople their top source for car-buying decisions

Contrary to a growing belief that social media soon will replace traditional automotive dealerships, a recent study found that the dealership salesperson still is the most influential source of information for car buyers. In fact, salespeople led all other choices — and by the entry's greatest margin in five years.

Maritz Research's New-Vehicle Customer Study, released May 30, asked customers what sources of information they found most influential in their buying decisions. The top three sources in the U.S. constituted 59 percent of all responses:

1. Salesperson at the dealership (21.9 percent)

2. Family/friend/word of mouth (18.7 percent)

3. Consumer guides (18.4 percent)

"People buy from people," said Chris Travell , vice president and strategic consultant for Maritz Research. "Social media can certainly support the selling effort, but I believe it would be a mistake to believe that social media will usurp it."

Recommendations from family and friends and word of mouth were ranked statistically higher than in past years, while consumer guides such as Consumer Reports still remain the third most influential source of informa-

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Turning vehicle service into sales

The cars on America's roads are older today than ever before. A recent study by Polk found that the average age of registered cars in the U.S. is almost 11 years old. The average car owner, meanwhile, holds onto his or her vehicles for more than six years — well past standard warranties for most cars.

But as vehicles grow older, they develop more and more ailments, and in a down economy, that is driving con-

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In Memoriam

Edgar W. Pigg, who for 16 years operated Volkswagen Waukegan, Inc., and who was a founding member of the American International Automobile Dealers Association, died May 17 at age 86.

Mr. Pigg served in the Navy in World War II, then worked in corporate positions with Studebaker (1950-1959) and Volkswagen (1959-1969)before opening his dealership in 1969.

Mr. Pigg sold his dealership, which had Volkswagen and Saab franchises, in 1985, then joined a longtime friend as a commercial realtor in Libertyville. He was a former member of the Lake Bluff Police Commission and past president of the Lake County Chamber of Commerce. Mr. Pigg also was involved in the Lake County Chaplaincy Program, the Ralph Smith Foundation, and many aspects of the Methodist Church.

Survivors include his wife of 58 years, Henrietta; daughter Katherine; sons Edgar Jr. and David; and six grandchildren. Memorial contributions appreciated to Grace United Methodist Church in Lake Bluff, (847) 234-9163 or www.graceumclakebluff.org.

Webinars

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through the typical car dealership offer up an attractive target for otherwise valuable and thought-to-be trusted employees. Dealers are almost always surprised when what was thought to be a trusted employee is discovered with their hands in the till. Simple diligence and control systems have proven to be very effective in keeping these opportunities to a minimum. Accountants from Crowe Horwath reveal easy-to-install observation and control systems to keep your profits safe from dishonest employees.

Thursday, June 21 at 12 p.m. CDT

"How to Fine-Tune the New-Vehicle Department to Spot Weaknesses and Supercharge Results" How would a knowledgeable "outsider" measure and analyze this key profit center? Sometimes we are just too close to our own businesses to get a clear picture of just what is going right and where we are totally off track. But outside consultants take a different approach, and one that can benefit you. They follow a process of investigation and observation that will lead them to what are often obvious problems that require addressing. Brooke Samples leads the webinar that outlines just what she looks for as she dissects a dealership's new-vehicle department. What financial indicators does she focus on? How does she take the financials and use this information to pinpoint potential problem areas? And what observations does she employ to help her narrow down her search for a more efficient sales process and greater profits.

NHTSA booklet's end sought

Federal legislation introduced in the U.S. House of Representatives in May seeks repeal of an obsolete mandate that requires the National Highway Traffic Safety Administration to print and distribute to all new-vehicle dealers an insurance report on the cost of repairing new vehicles.

Under a 1972 law, NHTSA must send the "Relative Collision Insurance Cost Information" booklet each year to more than 17,500 new-car dealerships across the country. Dealers, in turn, are required to provide the information to their customers upon request.

But in a recent survey of 815 of its members, the National Automobile Dealers Association found that 96 percent of dealers reported that none of their customers had ever asked to see the booklet.

"The reality in dealer showrooms needs to be recognized," said NADA President Phil Brady. "This government mandate should be eliminated."

Under H.R. 5648, NHTSA still could make insurance loss data available online if consumers in the market for a new vehicle find it useful.

The NADA is urging dealers to help build support for H.R. 5648, the Owens-Harper Obsolete Mandate bill, by asking their U.S. representatives to cosponsor the legislation. The representatives' offices can be reached through the Capitol Switchboard at (202) 225-3121.

The federal government reportedly has spent hundreds of thousands of dollars since 1991 to print and mail the booklet annually to all U.S. new-car dealers.

Salespeople

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tion.

"What our family and friends say or recommend to us is important," Travell said. "Every manufacturer needs to have a well-defined social media strategy. However, we still need to remember the importance of human interaction in buying a car."

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

David E. Sloan — President, Publisher
Erik K. Higgins — Editor, Director of Dealer Affairs

The struggle for automakers to solve car ‘obesity’ problem

Americans have a weight problem, with more than a third of us estimated to fall into the obese category. But it’s a problem automakers are struggling with too. Over the last several decades, the typical automobile has added hundreds of pounds, according to industry data, as it has grown longer and added more comfort, safety and convenience features.

Engineers are now struggling with how to cut all that added car flab. There are a variety of reasons why, but the biggest factor is fuel economy. The industry’s general rule of thumb is that 100 pounds equals one mile a gallon. And with automakers facing tough new fuel economy standards in 2016 and even more stringent mandates for 2025, it’s becoming critical to end the auto obesity epidemic.

The new Cadillac XTS underwent the automotive equivalent of liposuction. Though a full foot longer than the compact Caddy CTS, the 2013 Caddy sedan weighs about 100 pounds less, thanks to some creative engineering that includes the use of new, ultra-high-strength steel alloys.

Porsche was able to slash nearly as much weight off the new, seventh-generation 911 sports car through similarly creative engineering and the introduction of aluminum and even carbon fiber. The 2013 Boxster is expected to see similar mass reductions.

And though it’s slightly larger than the old model, the new Nissan Altima is 79 pounds lighter than the outgoing sedan. The process wasn’t easy, company engineers stress, and required an intensive focus on literally every element of the new Altima’s design, down to the re-engineered continuously-variable transmission. The new model also switched to lighter aluminum for its trunk, roof and hood.

Nissan will achieve a significant payoff (the base 2013 Altima is rated at 38 mpg on the highway) of as much as several mpg better than the so-called Eco versions of competitors, and without the added price premium.

“Cutting mass was a major factor in getting there,” along with improved aerodynamics and powertrain refinements, said John Curl, Nissan North America’s senior product planner for the Altima project.

It’s hard to find a manufacturer that isn’t putting a premium on cutting weight. Before retiring earlier this year, Ford product chief Derrick Kuzak laid out a goal of trimming as much as 750 pounds off the weight of Ford’s models.

But the process, which industry insiders have dubbed “lightweighting,” isn’t as simple as it might seem — especially in the United States, where people equate size with luxury.

The rule of the automotive business is that with every new model-year, “consumers expect more features and more and more safety equipment,” said General Motors designer Bob Boniface. Even that little CD changer built into the dash adds 5 pounds of mass, Boniface said.

Federal regulations further complicate the situation. Take the new roof crush safety standard that went into effect last year, effectively requiring manufacturers to more than double the ability of a vehicle to survive a rollover.

“You’ve got tough new safety standards that add weight at same time you have stringent new mileage standards,” complains analyst Jim Hall. “At some point, somebody’s going to have to blink.”

Perhaps, but Boniface and other industry leaders don’t expect to see regulators back off anytime soon. Instead, the pressure is on for the industry to come up with alternative solutions, whether through creative engineering or the use of breakthrough materials, such as carbon fiber.

The super-strong, ultra-light material has long been used in race cars and exotic automobiles, such as the $1 million McLaren F1 supercar of a decade back. But it is a major challenge to produce, requiring extensive labor that has priced it out of use by all but the most expensive automobiles. But that may soon change.

The original McLaren F1 used a carbon fiber “tub” that took 3,000 man hours to produce. On the next-generation Mercedes-McLaren SLR it still took 400. With McLaren’s newest street car, the MP4-12C, “believe it or not, we got it down to four hours on this car,” boasts chief designer Frank Stephenson.

That model is still beyond the reach of the typical motorist, at nearly $300,000. But carbon fiber will account for 44 percent of the material used in Chrysler’s reborn Viper sports car, at a quarter the price. And BMW believes it could soon bring the cost of the material down enough to use in models like the $40,000 3-Series. It will make extensive use of carbon fiber in its new BMW i3 and i8 battery cars because the lower weight will allow greater range.

The good news is that even the newest steel alloys are getting both stronger and lighter, helping to meet new safety mandates while also reducing mass.

But analyst Hall is skeptical that makers can pull several hundred pounds off the typical car, never mind 750, because of both federal rules and consumer demand.

“The best makers will be able to do,” Hall contends, “is manage the bloat.”

Designers like McLaren’s Stephenson and GM’s Boniface are more upbeat, though they admit it’s a challenge to deal with automotive obesity, much like it is for the mere mortal motorists who will have to squeeze inside their new automobiles.

Service

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sumers to be more proactive in how they service their vehicles.

The Wall Street Journal reports that searches on Google for terms such as “auto repair how to” and “how to change spark plugs” have surged since the financial crisis hit in September 2008. Of course, there still are many fixes that most car owners simply cannot perform on their own.

According to Edmunds.com’s internal monthly statistics, visits to Edmunds’s repair shop pages have grown almost six times faster than the growth of visits to the its homepage since January. And reports by Edmunds.com’s participating dealers show more service inquiries and engagement on Dealer Service Reviews than ever before.

The influx of vehicle repairs presents dealers with more opportunities to engage car owners in their local communities. Edmunds.com identifies some tips and best practices for dealers to build and maintain connections with their customers, and improve their chances to turn services into sales.

Get ’em to the garage

The first step to building and reinforcing the relationship with customers is securing that all-important face time. That requires drawing them to your service shop in the first place.

A recent survey by Consumer Reports found that most car owners prefer independent shops over dealerships for their repair and maintenance work, primarily because of cost concerns; dealerships are more likely to use factory parts than aftermarket parts.

That’s where service discounts can be helpful. Ads or online specials for oil changes, tire rotations, brake inspections and general tune-ups all are good ideas to entice drivers for service, even when their vehicles are running smoothly. Franchise loyalty discounts also can keep customers from choosing not only local independent shops, but also competing dealerships in the area.

Early bird gets worm

Many customers take their cars in for services early in the morning, and that creates lines of drivers with time to kill. Smart service advisors and salesmen can work these early-morning lines to engage drivers and learn about how long they’ve owned their vehicles and some of the issues and problems they might be having with those cars.

This gives dealerships the opportunity to inform drivers about extended warranty programs (more on that later), parts discounts, and trade-in valuations.

Get good intel

Service advisors can get a jump on car owners with scheduled maintenance appointments by doing their research ahead of time. Advisors can access customer and vehicle history and understand the issues ahead of time. That allows them to be prepared with specific information and pitches before the vehicle even arrives at the shop. If an advisor knows that an incoming customer has just six months left on a current lease, for instance, then the customer might be interested in some of the current “pull-ahead” promotions that are available.

Who needs a new car?

It might be tempting to try to convert as many service customers as possible into new-car buyers. But not every visit to the service bay is an invite to bull rush drivers into buying a new car. Customers are easily turned off by overly aggressive tactics that try to get them into a new vehicle when they just aren’t ready, and that sort of behavior can damage a dealer’s reputation through reviews and word of mouth.

But there are two situations when it may well be in the consumer’s best interest to trade up for a new car:

1) The current vehicle has a relatively high market value on the used-car market and, in turn, could likely command a higher appraisal at trade-in.

2) The current vehicle has been diagnosed with major repair needs that approach or exceed its market value.

Service advisors can quickly and easily show car owners how much their vehicles are worth through online car-appraisal tools.

Loan ’em a keeper

If a customer is bringing in a vehicle for lengthy repairs, then offering a loaner is a great opportunity to get him or her to try out a vehicle that makes sense as a next new car. The most obvious options are to offer the same vehicle in the most recent model year or even a similar vehicle in a slightly higher class. But if the driver pulls up a sedan with child seats and toys clogging up the back seat, this could be a good time to get him or her to consider the space and convenience of an SUV or minivan.

Loyalty rewards

Many customers are unaware of the loyalty programs and incentives that are available at most franchise dealerships, so it’s a good practice to make sure they know that these programs exist during their service visits. And while car buyers will decide whether to stick with a brand for many reasons (not the least of which is the quality of customer service over the life of their car), it never hurts for them to know that a little extra cash incentive awaits them.

Extended warranties

Everyone knows that better health habits, advances in technology and better health insurance all contribute to people living longer. But do they know that those same principles hold true for cars?

Factory and aftermarket extended warranties can stretch major repair coverage in vehicles for many more miles and years than ever before.

Dealers should explore these options with their service customers to win — and keep — their business.