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:
- Premiering Thursday, Nov. 14 at 12 p.m. CST
- “Key Performance Indicators (KPI) for Parts Managers: De-Mystifying the Financial Statement”

Knowing how to read, analyze and then create workable business strategies to impact these numbers is an important part of the Parts Managers job.

Leased-vehicle taxation bill goes nowhere during fall veto session

Illinois legislation to change tax calculations on leased vehicles remained standing at the altar as the state’s General Assembly adjourned its fall veto session Nov. 7. Lawmakers still can give the bill final approval next month or in the 2014 spring session.

But the measure has seen two recent bright spots: Officials of the Illinois Revenue Department now indicate their position on House Bill 2317 to be positive, a change from neutral last spring; and House Majority Leader Barbara Flynn Currie, D-Chicago, said she supports the bill.

But House Speaker Michael Madigan, D-Chicago, declined to call the bill during the fall session. Final House approval would advance the bill to Gov. Pat Quinn.

The Senate passed HB 2317 unanimously as the spring legislative session drew to a close. But the bill was not returned to the House until May 31, the session’s scheduled adjournment date, and it was believed House members did not have enough time to act on it.

CFPB feels the heat on auto loans

Under fire from both its critics and supporters, the Consumer Financial Protection Bureau is trying to reassure lawmakers and downplay concerns about its efforts to root out discrimination in the auto lending market.

In a Nov. 4 letter to Senate and House lawmakers, CFPB Director Richard Cordray outlined the methods the bureau is using to investigate potential violations of fair lending laws by lenders who provide financing for car dealers.

Cordray acknowledged the CFPB has not studied the potential ripple effects of
Gen Y drivers say they crave car tech, but can’t afford it

So-called millennials not only are the most technologically savvy age group, they also are the most willing to pay extra for advanced features in cars. Still, their budgets are limited while generally such features are still associated with luxury vehicles.

That’s according to a study released by research company GfK and the Consumer Electronics Association on “The Future of Automotive Technology.”

According to the study, three-quarters of people in Generations Y (ages 25-34) and Z (18-24) rank among the “most tech-interested” segments of car buyers. Both those generations were significantly above average — 70 percent of Gen Y and 61 percent of Gen Z — in reporting to be “especially interested” in car tech.

“These two groups also indexed well above-average in their willingness to pay extra for a variety of advanced car technologies, including visual warning of nearby emergency vehicle activity, seats that automatically go to driver’s preferred position, and spill-proof car devices,” according to a news release.

Meanwhile, Generation X (ages 35-44) showed average willingness to pay for new tech, while baby boomers (45-64) showed the least.

Jeff Campana, senior vice president of GfK’s automotive team, said those younger generations are highly attuned to the benefits of mobile technology, as well as safety and cleanliness features.

Campana said the study’s results indicate an opportunity for automakers to engage these buyers by bringing more affordable, advanced devices and services to small and mid-size cars.

Webinars
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Join Rob Campbell for an examination of the Parts Section of the Financial Statement with an eye to both understanding how these numbers are calculated and how they should impact your management priorities. Learning the secrets of the Financial Statement and other key performance indicators can help Parts Managers become more efficient in how they plan for growth and profit improvement.

You will learn:
• How to measure the “quality” of your parts inventory
• How to reconcile your actual Inventory to the G/L Inventory value
• How to treat the disease of “obsolescence,” not the symptoms
  • The “right” Parts-to-Labor Ratio
  • Monthly vs. Trend Analysis: which is better

Premiering Thursday, Nov. 21 at 12 p.m. CST

“Blueprinting the Body Shop: A Process for Improving Efficiency & Profits” The key to larger body shop profits is in the creation of efficiencies that allow you to move more work through the shop per hour of operation. Here’s how.

Dealerships with successful Body Shops may use different production processes but they share one common trait: a desire to increase production efficiency by pushing more work through the shop. One of these processes is called “blueprinting,” creating a complete and accurate evaluation of collision damage to drive faster repairs, fewer headaches, improved efficiency, and higher profits. Learn how it’s done.

You will learn:
• How traditional estimating can cost Body Shops in lost time and money
• The difference between a Body Shop “Blueprint” and an estimate
• What to include in your “Blueprint” and what to exclude
• How to make “Blueprinting” work in your Body Shop

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GM's ‘Shop-Click-Drive’ program to eliminate showroom visits?

General Motors says it's expanding an online car-buying program that could all-but-eliminate a need to shop in a dealership showroom.

Emphasizing that the dealer still must administer the sale — which could be done outside the dealership — GM said its Shop-Click-Drive setup rolled out Nov. 6 out to all 4,300 Chevrolet, Buick, GMC and Cadillac dealers in the U.S.

Wary dealers who suspect the system is meant to undercut them, or limit their chances to apply salesmanship to in-person customers, don’t have to offer the program. But a dealer committee helped design Shop-click-Drive and it’s expected to become popular.

“You have all those millennials out there and they’re used to buying stuff online and they don’t understand, ‘Why can’t I buy a car online?’” said GM spokeswoman Ryndee Carney.

Even though, strictly speaking, it’s still not quite buying a car online because a dealer has to be involved.

The automaker calls it a “dealer online retailing tool” that piggybacks onto the dealerships’s own website. As GM describes it, the online system allows shoppers to outfit a vehicle with preferred equipment, get a price estimate, check for incentives and financing deals, get a rough trade-in value for their current vehicles and even apply for loans.

GM ran it as a pilot program at 100 dealerships in eight states for about a year. Carney said about 1,000 vehicles have been sold that way and “fewer than 10” buyers decided to handle the transaction entirely away from the dealership.

Dealers found it gave higher-quality leads than those from third-party sites. Shop-Click-Drive shoppers were turned into buyers about 30 percent of the time, considered a high rate of “closing,” GM said.

“The dealers like it because they’re getting very high-quality leads and they’re closing these leads at a much higher rate than other third-party leads that they get from other sources,” Carney said. “It’s not like Tesla at all.”

Jac Nasser, a former Ford CEO, pushed the concept years ago and confronted hostile resistance from dealers. Dealers, who are well connected in state legislatures where protective franchise laws have been established, are now fighting Tesla Motors’ attempt to sell its luxury electric cars without a dealer network.

“We want to make it easier and simpler for dealers to connect with customers who are looking to combine the convenience of online shopping with the personal service of a neighborhood dealership,” GM’s Vice President of U.S. sales, Kurt McNeil, said in a statement.

The car company is nervous that Shop-Click-Drive could be seen as a move toward niche automaker Tesla’s controversial approach of selling directly to buyers, skipping dealerships. GM says it wants no part of that. Even if it did, it’d be tough luck.

Dealers have insulated themselves from exclusion via strict state franchise laws requiring a sale to be handled, in some fashion, by a dealer.

Some dealers in the pilot program offered a concierge-like service, delivering cars for test drives and handling paperwork at the buyers’ home or office, if a sale were made. Carney said GM is encouraging, but not requiring, all dealers who use Shop-Click-Buy to offer that type of concierge service.

It’s unclear whether dealers widely will embrace that type of service. They make a large share of their profits from so-called F&I, or finance and insurance.

Their specialists sell the buyers a loan, marking up the discounted interest rate the dealers obtain from lenders, and sell extended warranty and service contracts at large markups Their F&I specialists believe they can be more persuasive in person than online.

Survey: 1 in 4 people name their car

According to a Nationwide Insurance survey, plenty of drivers name their cars. The insurance agency polled 1,082 U.S. car owners and found:

• Nearly 25 percent of car owners have a special name for their car.
• More than 31 percent were inspired by the vehicle’s color and appearance.
• At 36 percent, car owners between the ages of 18 and 34 are more likely to nickname their cars.
• Women are more likely to have a nickname for their cars than men: 27 percent versus 17 percent.
• 26 percent of those surveyed think of their car as a girl, with women more likely to have a “baby” girl. Witness Eleanor from the 2000 film “Gone in 60 Seconds” or the homicidal Chevrolet named Christine from “Christine.”
• Men are more likely than women to name their car after a famous or historical person or a character in a movie.
Leasing

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time to consider it then.

The Chicago Automobile Trade Association and the Illinois Automobile Dealers Association have made several runs at the taxation change on long-term leases (more than one year), but revenue officials always focused on near-term shortfalls in tax collection over long-term gains. But immediate gains would be seen in the bill’s structure, under which dealers could not offer trade-in credits to their lease customers.

The changes are projected to increase state revenues $14 million to $28 million annually, based on forecasts of increased leasing activity. Lease transactions in Illinois currently are about half the number in nearby states. After years, Illinois Revenue Department officials have come to agree that Illinois should compute the sales tax on lease deals in the same manner as do 47 other states.

Under House Bill 2317, the taxation change would take effect July 1, 2014. If the House waits until January to pass the bill, the effective date automatically would change to Jan. 1, 2015, but that would not force both legislative chambers to reconsider the matter.

CFPB

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the guidance on the broader market and whether it could limit credit availability, something that is likely to rankle lawmakers worried about their constituents’ access to affordable transportation.

The tension underscores the challenge the CFPB has faced as it tries to write new financial rules to protect consumers: When those rules threaten to make credit more difficult to obtain, the bureau comes under pressure from friends and foes alike.

The CFPB issued a warning in March that lenders who give dealers discretion to mark up interest rates are at higher risk of violating anti-discrimination laws. But lawmakers on both sides of the aisle have pushed for more details and raised concerns in letters to Cordray that the guidance could limit competition.

The industry has said the bureau is unfairly targeting lenders for discrimination that is unintentional and extremely difficult to monitor. And auto dealers have complained the guidance is an end run around the 2010 Dodd-Frank law, which exempted them from CFPB oversight.

Meanwhile, some of the bureau’s traditional supporters in Congress are pushing back against its efforts to crack down on auto lending discrimination.

In an Oct. 30 letter to the bureau, 22 senators — 11 Democrats and 11 Republicans — told the bureau that the dealer markup system “frequently results in consumers obtaining a lower cost of credit than is otherwise available to them.”

“Although the CFPB has alleged that ‘disparate impact’ discrimination is present in the indirect auto financing market, the bureau has yet to explain its basis for this assertion,” wrote the senators, led by Rob Portman, R-Ohio, and Jeanne Shaheen, D-N.H.

In a statement accompanying the letter, Shaheen said she is a “strong supporter” of the bureau but said the public should be given an opportunity to weigh in on the issue. “I’m concerned that the recent policy guidance from CFPB could restrict legitimate credit options and increase costs for many Americans looking to finance their cars,” she said.

The Senate missive follows a series of letters from members of the House Financial Services Committee, including 11 Democrats, several of whom are members of the Congressional Black Caucus and some of the bureau’s closest allies. Consumer advocates who support tougher scrutiny of auto lending point the finger at the powerful auto dealers’ lobby. They flexed their muscle once before, managing to secure a key exemption from CFPB oversight under Dodd-Frank.

The National Automobile Dealers Association, by far the largest of the dealer trade groups, spent $2.3 million lobbying Congress in the first three quarters of 2013 on a range of issues, including the CFPB’s regulation of dealer financing, according to data from the Center for Responsive Politics.

“The hope here is that (the CFPB is) going to produce answers, it’s going to produce transparency, it’s going to produce information, so we understand the basis for this initiative,” said Paul Metrey, the NADA’s chief regulatory counsel for financial services issues.

Metrey also pointed out that auto lending was — and continues to be — a bright spot in a dour economy. The market didn’t experience the widespread defaults or abuses seen in the mortgage market during the financial crisis.

Metrey and others say it’s not clear whether a problem actually exists, and they worry an overzealous CFPB could hurt an otherwise healthy and competitive market.