



CATA Bulletin



a biweekly newsletter

Volume 103, No. 16

August 14, 2006

Surveyed dealers give thumbs up to CATA activities on their behalf

More than seven of 10 dealers are “very satisfied” with the work of the Chicago Automobile Trade Association, according to a survey of CATA dealer members administered last spring via mail and e-mail.

Dealer principals and general managers were asked to rate various activities on a five-point scale, with five being most commendable. For the 135 dealers who completed the survey, most endeavors averaged better than four on the scale. The survey also elicited many additional comments about the CATA’s work.

“The response rate from among the association’s 520 dealers was healthy, maybe even a little greater than you’d normally expect,” said CATA Chairman Bob Loquercio.

“And the comments really helped to give us a clearer idea of what the dealer community thinks about what the CATA should be doing for them.”

Half the respondents said the Chicago Auto Show is “very effective” at increasing their springtime showroom traffic. But five dealers said the show was “not at all effective” for them. Said one: “The only direct response comes from the factory providing an ‘Auto Show Rebate.’ It’s not the show, it’s the incentive.”

Six of 10 poll-takers said First Look for Charity, the auto show’s black-tie event that has raised millions for area charities, is “very effective” at conveying a favorable image of

SEE SURVEY, PAGE 4

Police nab man sought for stealing demos from area dealerships where he worked

Authorities arrested a fugitive who allegedly stole the demonstrator vehicles from several area dealerships that employed him. The man was captured Aug. 7 while he applied for work at a North Aurora dealership.

Thomas Eric Carter, 57, was sought by the U.S. Marshals Service on federal charges of interstate trafficking of stolen vehicles. Deputy U.S. Marshal Keith Sykes said Carter usually worked several weeks at a dealership, long enough to secure a couple paychecks and a demo, then he would disappear.

The five vehicles stolen locally all were recovered, said Sykes, who added that more area dealers called his office after a story about Carter appeared in the July 3 edition of the CATA Bulletin.

North Aurora police arrested Carter and held him for officials from the U.S. Marshals Service. The North Aurora dealer said police did not question a man who had driven Carter to the dealership.

Carter reportedly used three aliases, none of which deviated much from his given name. At the time of his arrest, the dealer said, Carter had completed paperwork indicating his name to be Thomas Carter.



Thomas Eric Carter

Senate mulls total-loss disclosure legislation

Consumers would have greater access to passenger vehicle-loss data held by insurance companies, to protect themselves from buying flooded and salvaged vehicles, under Senate legislation introduced July 20.

The move under Senate Bill 3707 to make total-loss information commercially available is a new approach to the growing problem of salvage title fraud, which occurs because state motor vehicle titling laws are confusing and incomplete, and no central database exists to “red flag” all of the problem vehicles.

Under the bill, insurance companies would have to make commercially available the VIN-based information they already collect: the date of the loss;

SEE TOTAL-LOSS, PAGE 2

Total loss

CONTINUED FROM PAGE 1

the primary reason for total loss (i.e. damaged, flooded, stolen); and the odometer reading on the date of the loss.

None of the VIN-based data would include any personal identifiers protected by federal and state privacy laws.

The legislation was introduced by Sen. Trent Lott (R-Miss.), who is chairman of the surface transportation subcommittee of the Senate Commerce Committee.

“This legislation is particularly needed in (Hurricane) Katrina’s wake, but it’s hardly a new problem. Even without the influx of Katrina-damaged cars, thousands of wrecked, flooded or stolen automobiles are sold every year with clean titles to unsuspecting consumers,” Lott said.

About 5 million vehicles were “totaled” by insurance companies last year due to extensive damage, flooding or theft. Hurricane Katrina destroyed more than 500,000 vehicles, and history shows about half of them will be sold to unsuspecting consumers.

“This is a double-hit on consumers,” said David Regan, the NADA’s vice president of legislative affairs. “It’s a public health risk because more unsafe cars are on the road, and it’s a pocketbook risk because people could overpay for a wreck that should be in the junkyard.

“Dealers don’t want these wrecks on their lots any more than a mother would want to drive her children around in one.”

In 2005, State Farm Insurance admitted to having resold 30,000 totaled vehicles over several years without salvage titles. In a 2001 Iowa case, Progressive Insurance acknowledged a similar practice on a smaller scale.

NADA brings ‘Super Controller’ seminar to Rosemont hotel

A Super Controller should be focused on two things: increasing profit and helping others to do their jobs better. Learn how to develop others to become a Super Controller—or to become one yourself—at an NADA seminar, “How to Create a ‘Super Controller.’”

The one and one-half day seminar at the Hyatt Regency O’Hare in Rosemont is for dealers, office managers, general managers and CFOs. Sandi Jerome will present an in-depth version of her 2006 NADA workshop presentation.

Seminar fees for CATA members are \$695 for one attendee, \$565 for additional attendees. Registration for non-members is \$995.

For more information and to register, call the NADA at 800-252-6232, ext. 2, or visit www.nada.org/seminars.

CATA hires new Internet director



Mark Bilek

The CATA filled a newly created position, Internet director, when the association hired Mark Bilek in July to oversee its three Web sites.

Bilek, 38, comes to the CATA after 18 years with Publications International, where he ascended to associate publisher of the monthly magazine, *Consumer Guide*. Over the years, Bilek was involved in four redesigns of *Consumer Guide*’s Internet site, which reviews and compares new

and used vehicles.

“Mark brings years of experience helping consumers through the process of buying a new car. He will reinvigorate DriveChicago.com with changes that will help buyers and, in turn, our dealers,” said CATA President Jerry Cizek.

The association’s three Web sites include www.drivechicago.com; the CATA member site, cata.drivechicago.com; and www.chicagoautoshow.com.

For DriveChicago.com—on which all CATA dealers appear as a membership benefit—Bilek said he intends to enhance functions that will help consumers zero in on their ideal car.

“We’ll enable people to compare vehicles and help them narrow their field, not necessarily telling them what’s good or what’s bad, but what fits their needs,” Bilek said.

The CATA member site will be expanded to offer dealers, without need of a password, access to important forms; links to statutes like the state’s motor vehicle advertising regulations, with which they must comply; dates of CATA Learning University classes; and other helpful matters.

The 2007 Chicago Auto Show’s Web site should have interim pages posted about Labor Day, with the full site launching in October. Next year’s Chicago Auto Show dates are Feb. 9-18.

The CATA Bulletin is published by the
Chicago Automobile Trade Association
 18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810
 630-495-CATA [2282] phone 630-495-2260 fax

The CATA Bulletin is published and mailed every other Friday except during the Chicago Auto Show, when it is not published.

Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full résumé to the Editor.

Review past editions dating to 1998 or search by subject at <http://cata.drivechicago.com/>

Jerry H. Cizek III President, Publisher
Erik K. Higgins Editor, Director of Dealer Affairs

Special-interest sites best advertising bet to reach online buyers: study

Online advertisers are more likely to effectively reach new-vehicle buyers at special-interest sites than most automotive shopping sites, according to a J.D. Power and Associates study released July 31.

The inaugural Online Media Study takes an in-depth look at the Internet use and behavior of new-vehicle buyers to identify Web sites that most effectively target desirable advertising audiences in terms of reach, scope and cost.

“In terms of Internet advertising, once consumers visit an automotive shopping site, they’ve already narrowed their vehicle consideration set, which means online advertisers are missing an ideal branding opportunity,” said Steve Witten of J.D. Power and Associates.

“By focusing on new-vehicle buyer behavior on the Internet before they begin actively shopping for their next new vehicle, automotive marketers can identify the Web sites with the highest probability of reaching prospective buyers more effectively than ever before.”

While most Internet users visit the most popular sites such as Google and Yahoo!, the study finds new-vehicle buyers follow their interests and lifestyles at sites such as WebMD and Home Depot five times more often than general Internet users.

Given their affluence, these buyers also use finan-

Percentage of Web site visitors among general Internet users and verified new-vehicle buyers			
	General Internet Users¹	Verified New-Vehicle Buyers	Index (New-Vehicle Buyer vs. General)
Mass Market/Portal Sites			
Google	75%	82%	109
Yahoo!	69%	72%	104
Specialty Sites			
Expedia.com	9%	40%	444
Travelocity	7%	35%	500 ²
WebMD	5%	27%	540
The Home Depot	5%	26%	520
Yahoo! Finance	3%	20%	667
MSN Money	3%	19%	633
Automotive Sites			
Kelley Blue Book	4%	19%	475
Edmunds	3%	12%	400

¹ General Internet user data provided by Compete, Inc.
² Verified new-vehicle buyers are five times more likely to visit a site like Travelocity than general Internet users

Source: J.D. Power and Associates

cial sites such as Yahoo! Finance and MSN Money six times more often than general Internet users.

They also are four to five times more likely to use travel sites such as Expedia.com or Travelocity than general Internet users.

“While new-vehicle buyers are a niche of only 6 percent of adults in any one year, they are a highly desirable group of consumers for advertisers, and they behave very differently online than general Internet audiences,” said Witten.

“This is a significant opportunity for marketers, especially when they can analyze down to the vehicle seg-

ments from which these buyers cross-shop. Marketing is often the most inefficient part of any business in terms of spending.

By understanding where certain consumers spend their time online rather than relying solely on general Internet visitation numbers, marketers are able to reach key audiences, often at fees that provide more bang for the buck.”

The study finds that visitors to particular Web sites can vary greatly by the type of vehicles they are likely to purchase. For example:

- Large pickup buyers have above-average visitation rates to NASCAR.com

and many home improvement sites.

- Midsize pickup buyers are much more likely than others to visit sports-related sites.

- Female prospects for minivans and large SUVs frequent Disney Online and game sites.

- Those interested in sports cars not only visit auto enthusiast sites, but also are frequent visitors to several travel-related Web sites.

- Luxury buyers are more than twice as likely as non-luxury buyers to visit Apple’s iTunes music store, due in part to high ownership levels of MP3 players in this segment.

Survey

CONTINUED FROM PAGE 1

CATA dealers.

Dennis O'Keefe, the long-serving CATA general counsel, averaged above 4.5 on the 5-point scale on three topics: responsiveness to my questions, knowledge of the retail auto business, and quality of legal advice.

Respondents rated Franczek Sullivan, the CATA's employee relations law firm, at about 4 out of 5 on three matters: responsiveness to my questions, knowledge of the retail auto business, and satisfaction with the (July 2005) Local 701 agreement.

Several dealers regretted that, during the 2005 negotiations for a collective bargaining agreement with the technicians' union, the contract did not broach employee contributions towards escalating healthcare costs. One dealer said: "I did not want a (701) strike but would have liked to see employee participation in benefit payments. We need to break that ice sometime."

The DriveChicago.com portal, which in 2005 transformed to a free means for CATA dealers to promote their inventories, was considered an effective means for delivering referrals by 70 percent of the respondents. Much of the CATA's annual \$1 million media strategy budget is devoted to promote DriveChicago.com.

Since 2000, the CATA has retained lobbyists who complement the work of the Illinois Automobile Dealers Association in Springfield and who interact more closely with local legislators in northeast Illinois. The efforts gained mostly positive marks, but several dealers said they were not aware of the lobbyists' accomplishments, and a few northwest Indiana dealers regretted that the lobbyists have no presence in that state.

Dealers also offered input on more than a dozen other CATA activities that were reviewed in the survey.

— Q & A —

with , instructors of
CATA Learning University

Q *How can I drive home the importance of a really effective facility tour and introduction? We have insisted for years that this is store policy. But in the real world, I sometimes wonder if some of my sales staff don't quite understand the true purpose of the facility tour and key introductions.*

A *Wow, what a great question. I know exactly what you mean. Some of our most professional sales staff members don't understand the true benefit of a quality facility tour and staff introduction. We have been under the impression that we must do a service walk because the factory survey may ask about it on a survey, so "I gotta just do it," or our sales manager says "it helps slow the customer down" and "it's an exercise in control."*

While there is some truth to the above statements, the No. 1 and most important reason for a facility tour is that it is what I call a "high payoff activity."

Simply put, if you tracked facility tours as an indicator, you will find a direct correlation to higher closing ratios, gross profits, and customer experience feedback. Here's why:

- *A facility tour helps build value in your dealership. (A good deal is when perceived value exceeds price.)*
- *It builds value in your staff.*
- *It allows us to continue building rapport. Emotionally connecting sales staff to prospects lowers anxiety.*
- *It supports a "why buy here?" statement.*
- *It empowers the customer with knowledge and confidence. (When I am confident and informed, my guard will lower and I am more likely to buy someone's product or service.)*
- *Now that the sale is complete, it allows us to build a comfort and trust level with the departments (profit centers) that now have the opportunity to satisfy the customer's needs (Service and Parts).*
- *It is during this tour that the Sales Consultant puts your dealership on the top of the customer's list when the customer restarts the sales cycle two to four years down the road. Say it with everyone: "CUSTOMER RETENTION!"*

So give some thought to having your desk managers track "high payoff activities" and review the results. You might be surprised; I won't be.

Dealers, please submit your question for our next article. Go to www.cata-lu.com and click on Ask Catalyst. The Web site also has more about "high payoff activities" and real-world solutions, plus links to enroll in CATA Learning University courses.