



CATA Bulletin

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Accident data bill returns in Springfield

Illinois senators are debating a bill that would make available any accident reports related to a vehicle offered for sale in Illinois. If Senate Bill 1839 becomes law, companies that sell vehicle history reports would add such information to their electronic reports, which would harm the values of used vehicles, including customer trade-ins.

A similar bill stalled in 2003, despite lobbying by Carfax. Detractors of the new bill cite several faults, notably that Carfax would not guarantee the accuracy of any accident information in its history reports. In other words, Carfax would not be liable for an incorrect report, which would deflate the selling price of a used vehicle.

Inaccuracies related to accident reports are common. Yet a dealer who sells a used vehicle without disclosing prior damage—known or unknown—can face demands of a refund by the purchaser or a lawsuit. Prosecuting attorneys in other states already point to Carfax reports as containing definitive information. Also, accident-scene damage reports merely establish whether the harm is above or below a \$500 threshold. The reports do not indicate whether any damage should affect a vehicle's resale price.

The CATA is monitoring the legislation. Dealers should be prepared to contact their state legislators if Illinois SB 1839 advances.

Next AFIP certification tests March 24, 25

Thirty-six area F&I personnel took tests in early March at the CATA to earn certification by the Association of Finance and Insurance Professionals. They should learn their test results later this week.

More tests are scheduled March 24 and 25. Call 847-953-6055 to register.

The CATA negotiated with the AFIP a tuition of \$500 for all self-study materials and certification testing. For all personnel who earn certification, the CATA will rebate \$250 to the CATA dealership, to encourage full participation from every dealer. The final cost

represents a \$420 savings compared to AFIP prices charged by other state and metro dealer associations, and private entities.

The AFIP certification course is a college-level review and instruction on the federal and state regulations that govern the F&I process. Staff who are AFIP-certified can generate dealership profit and dramatically reduce the chance of legal action in today's litigious environment; they are bound to a code of conduct that holds them accountable for their actions.

SEE AFIP, PAGE 4

Commercial e-mail must adhere to CAN-SPAM rules

The Federal Trade Commission distinguishes e-mail messages that are "commercial" or "transactional or relationship" in content. Effective March 28, all commercial e-mail must abide with the CAN-SPAM Act.

The Controlling the Assault of Non-Solicited Pornography and Marketing Act requires businesses to prominently offer their customers the opportunity to opt-out of future commercial e-mail solicitations. Commercial e-mails also must be identified as an advertisement solicitation and provide a valid physical postal address for the dealer's business.

The FTC defines a commercial e-mail message is "any electronic mail message in which the primary purpose

is the commercial advertisement or promotion of a commercial product or service (including content on a Web site operated for a commercial purpose)."

Certain criteria can determine whether an e-mail is "commercial":

- If an e-mail contains only a commercial advertisement or promotion of a commercial product or service, then the primary purpose of the message is commercial, and it must adhere to CAN-SPAM requirements.

- If an e-mail message contains both commercial content and "transactional or relationship" content, then the primary purpose of the message still is commercial, and it must adhere to CAN-SPAM.

SEE CAN-SPAM, PAGE 4

Longstanding perceptions of dealers don't match reality: ART

A new pamphlet, "Continuous Improvement," produced by Automotive Retailing Today (ART), seeks to dispel stereotypes about dealerships that might harm the ability of dealers to attract the most capable employees.

"Dealers compete with other industries and businesses for the same quality workers: responsible, ambitious, intelligent, loyal and personable problem-solvers. And despite competitive wages and benefits, ART research shows few career counselors and even fewer parents suggest dealership employment as a good choice for today's young people as they make career decisions," said ART Chairman Alan Starling.

"A major step toward dispelling stereotypes," Starling added, "is to unify our industry to speak in one voice about the continuous improvements in today's dealership experience and the positive perceptions and attitudes of new-car buyers."

Copies of "Continuous Improvement" were sent recently to franchised, new-car dealers nationwide, to arm them with survey findings that debunk outdated but persistent stereotypes about buying a vehicle.

Surveys indicate that car buyers trust their dealers more than the auto dealership industry in general, revealing that industry stereotypes diminish as customers experience a dealership. Personal experience in car buying, in turn, increases customer-reported trust scores and positive perceptions.

The latest data, from 2004, show that new-vehicle buyers rate their dealers nearly as trustworthy as law enforcement, and more trustworthy than the insurance, health care and news media industries.

Among ART survey findings:

- 91 percent of new-car buyers—89 percent of minorities—are satisfied with dealership where they most recently purchased/leased a new vehicle.

- Women (91 percent) and men (90 percent) nearly share satisfaction with the purchasing/leasing experience.

Automotive Retailing Today is a coalition of all major automobile manufacturers and dealer associations that works to narrow the gap between perception and reality that negatively affects dealer image.

ART also promotes a better understanding of dealer sales and service business practices, career opportunities and contributions to the community.

Starling urges dealers: "Please join ART in setting the record straight and educating the public and the prospective workforce about the positive change in America's franchise dealerships."

Leasing is making a comeback

After a nearly two-year lull, new-vehicle leasing is regaining popularity as 18.2 percent of all new-vehicle deliveries in January were leases—up from just 13.3 percent in January 2004, according to transaction data from the Power Information Network.

January marked the third consecutive month that more than 17 percent of all new-vehicle retail transactions were leases. Prior to the November-through-January period, the last month when the measure exceeded 17 percent was two years ago, in March 2003.

"One of the main reasons for this leasing renaissance is the increase in interest rates for new-vehicle loans," said Tom Libby of the Power Information Network. "The average annual rate charged on new-vehicle loans exceeded 6 percent in nine of the 12 months of 2004 after being below 6 percent every month of 2003.

"Also, in the first two weeks of February, the average interest rate on a new-vehicle loan was 6.67 percent—the highest level since June 2002."

Much of the increase in leasing is in the luxury market. The leasing penetration increase in all five luxury vehicle segments exceeded the industry-wide increase between January 2004 and January 2005.

Leasing penetration in each luxury segment currently exceeds 33 percent of all deliveries.

Marketplace

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Review past editions or search by topic at www.cata.info/

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Getting hotter

By RAY SCARPELLI SR.

METRO CHICAGO NADA DIRECTOR

The weather is not all that's heating up at the NADA. New programs are getting hotter too. Along with the new models being introduced at auto shows and in showrooms around the nation, this spring will come in like a lion.

President Bush signed the NADA-supported Class Action bill after it passed Congress late last month. Dealers' grassroots action helped ensure passage. The law's main provision redirects large class-action lawsuits—defined as those where potential damages exceed \$5 million and the plaintiffs are geographically dispersed—from state to federal courts.

Bush favored the legislation to “help protect people who are wrongfully harmed while reducing the frivolous lawsuits that clog our courts, hurt the economy, cost jobs and burden American businesses.”

NADA-24, a new customer loyalty tool for dealers, is growing in popularity and is getting great coverage in the automotive media. NADA-24 is a great program! I've signed up both my stores and I'm very happy with it.

Created by dealers, NADA-24 is easy to use and, at about \$3.50 per completed call, cost effective. To join your fellow dealers who are enjoying nearly instant customer feedback visit www.nada.org and click on the NADA-24 logo.

NADA-24 contacts your customers within 24 hours of a dealership visit and gives you feedback within 48 hours or less. You can listen to actual customer calls, and the system can notify you of unhappy customers immediately, while they're still on the phone.

Dealers now have the ability to check and revise their NADA membership information online. Are your records up-to-date? Visit www.nada.org and click on the Member Services tab, then **NADA Update** to view your dealership data and submit any changes directly to the NADA. Most changes are completed in one business day.

The new season of NADA seminars begins this month:

- 20 Closes to Close the Deal NOW!!, Atlanta, March 22-23
- Discovering Your Body Shop's Potential, Phoenix, April 12-13

- Take Control of Your Service Department, St. Louis, April 12-15

- Maximize Profits in Your Used Car Operations, Orlando, April 18-19

The complete schedule and registration info are at www.nada.org/seminars/

When it comes to training, don't forget NADA's new **workplace orientation program**, “Picture Yourself Here: Contributing to a Positive Work Environment.” The package contains your choice of a VHS or DVD video and a helpful study guide.

Congratulations to David Hyatt and David Regan, newly appointed chief operating officers of NADA Public Affairs and Legislative Affairs, respectively; and to Ivette Rivera, recently named executive director of Legislative Affairs. Best wishes to chief information officer Don Gentry as he retires this month, and cheers to Dick Malaise, who will move up to the CIO position.

Thanks to a **winning essay** and a \$10,000 Goodyear Tire and Rubber scholarship, Milford, N.H., high school senior Alicia Kinkaid will be warmly welcomed at the NASCAR Technical Institute in Mooresville, N.H. The scholarship presenter was 2004 Time Magazine Quality Dealer Award-winner and NADA past president Paul Holloway. “Her early passion for the automotive industry as a racing enthusiast will bring a fresh approach to all her future endeavors,” Holloway said.

Find out why **Web assistance** from the Cobalt Group, now in its sixth year of NADA endorsement, continues to be popular. Go to www.nada.org and click on Technology, then NADA-Endorsed Web-Site Packages.

Get your money's worth from the 2005 NADA Convention year-around.

- Visit www.autoexecmag.com and click on each day for news, views, and video clips of convention events and highlights

- Go to www.nada.org/convention and click on Exposition, then Floor Plan to connect to exhibitor information

- Order tapes of 2004 or 2005 General Sessions and workshops from www.PlaybackNow.com

Heat up your sales, service and parts operations by taking advantage of all your NADA benefits. And please stay in touch with me as your NADA director so that I can represent your concerns and your ideas; and recognize your successes.

AIADA installs new board officers for 2005

Florida dealer James Evans Jr. embarked on his yearlong term as chairman of the American International Automobile Dealers Association, during the AIADA's 35th annual Luncheon and Meeting on Jan. 31.

"I'm both honored and thrilled to have the opportunity to lead the AIADA," said Evans, a third-generation auto dealer and longtime AIADA member.

"I'm particularly eager to begin building on the grassroots growth we've seen over the past few years. Grassroots involvement . . . is critical

to our long-term success."

Other AIADA officers installed Jan. 31 include Chairman-elect Don Hicks of Aurora, Colo., Vice Chairman Don Beyer of Falls Church, Va., and Secretary/Treasurer I. Bradley Hoffman of East Hartford, Conn.

In 1998, the L.P. Evans Companies, named for the new AIADA chairman's grandfather, were sold to Republic Industries, now known as AutoNation, Inc. Evans therefore is the first representative of a publicly held dealership group to lead a national automotive dealers association.

CAN-SPAM

CONTINUED FROM PAGE 1

- If an e-mail message contains only "transactional or relationship" content, the message is exempt from the FTC-enforced act.

Do-not-e-mail registry not feasible

The CAN-SPAM Act also called on the FTC to develop a plan and timetable for establishing a Do-Not-E-mail

registry. However, the FTC determined that such a registry would not reduce the amount of unwanted commercial e-mail and could not be enforced effectively. A better solution, according to the FTC, would be the development of a "robust" e-mail authentication system that would "prevent spammers from hiding their tracks."

Each violation of the CAN-SPAM Act is subject to an \$11,000 fine.

AFIP

CONTINUED FROM PAGE 1

AFIP certification implies a technical competence and is considered "the MBA of the finance profession."

Self-study materials include a lengthy booklet and six compact discs that can be listened to at the staffer's pace. Besides guiding personnel through the regulations maze, the certification course also helps F&I personnel sell products the department sells, by helping them understand the various customer benefits to promote.

Certification tests pose 150 questions that must be answered in 200 minutes.

NADA campaign

Meanwhile, the NADA is developing a national campaign to educate con-

sumers and the government on auto financing, with a four-pronged message:

- Dealerships offer the convenience of one-stop shopping;
- Dealerships have access to many credit sources;
- Dealerships offer competitive rates and have exclusive access to manufacturer incentives and discounts;
- Customers unhappy with finance terms offered through a dealership can refinance elsewhere without penalty.

"There are powerful arguments in support of dealer financing," said former NADA Chairman Charley Smith. "But they are relevant only as long as each and every customer is treated in an open and honest manner and is well informed about all aspects of the transaction.

"We have quite a story to tell."

Congratulations!

Mercedes-Benz of Chicago, operated by Fletcher Jones Jr. and Michael Sullivan, is among 65 dealerships nationwide that earned the 2004 Mercedes-Benz "Best of the Best" Dealer Recognition Award.

Hyundai Motor America named four area Hyundai dealers to its Board of Excellence, for leading in sales and customer satisfaction. Named at the Silver Level, for 1,350-1,699 sales, are **Roland Gartner** of Gartner Hyundai (Aurora) and **Robert Watson** of Family Hyundai (Tinley Park). Named at the President's Level, for 1,000-1,349 sales, are **Gerald Gleason** of Schaumburg Hyundai and **Steve Zazove** of Howard Hyundai (Elmhurst).

McGrath Acura of Morton Grove, **Planet Honda** (Matteson) and **River Oaks Honda** (Calumet City) were named by American Honda Finance Corporation to the 2004 Council of Excellence, for superior service in all designated categories. Twenty-one Acura dealers and 87 Honda dealers nationwide received the award.

Lattof Chevrolet in Arlington Heights was named a Summit dealer by General Motors for being a top performing GM Goodwrench dealer, by delivering the best service and value to its customers.

Fore!

Circle June 13 on your calendar to participate in the annual CATA golf outing at Cog Hill Golf Club in Lemont. Stay tuned for details.

Interested in helping to sponsor the event? Call the CATA's Sandi Potempa at 630-424-6065.