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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, May 17 at 12 p.m. CDT

"Business Development Centers - Industry Best Practices" Getting customers to raise their hands and indicate some interest in your vehicles is just the first step. Today that step typically is initiated by the customer after having investigated both your dealership and its inventory

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Chicago moves to streamline licenses

Chicago dealers and other businesses will have to maintain fewer and less costly city licenses beginning in January 2013, under an ordinance passed May 9 by the Chicago City Council.

Some auto repair shops obtain as many as four licenses: one to work on cars, one to store chemicals, one to hold tires, and one to sell supplies such as windshield wipers. Under the change, they would need just one license.

The 60 percent reduction in license types, from 117 to 47, leaves Chicago with fewer city licenses than Philadelphia, San Francisco, New York City and Washington, D.C. More than 10,000 businesses will pay less for their licenses, including 97 percent of motor vehicle and tire shops.

The smarter licensing reforms also allow city inspectors to spend less time citing businesses for having the wrong licenses and more time focusing on problem businesses.

"The goal isn't just fewer licenses, but a simpler process that's smarter and

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Auto ad spending to increase 14% in 2012; online is king of the hill

Automobile advertising is projected to increase by nearly $4 billion this year, to $30.8 billion, and most of that increase is earmarked for online media, a research and consulting firm that tracks local advertising forecasted.

The firm, Borrell Associates, said all indicators point to explosive growth in online advertising among all sectors of automotive during the coming five years. By the end of 2012, almost 40 cents of every auto ad dollar will be spent on digital media. That trend will continue largely unabated through the foreseeable future, Borrell added.

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Aged cars + more inventory + lower gas prices = more sales: NADA

While automakers reported mixed results for U.S. new-car and light-truck sales in April, the chief economist of the National Automobile Dealers Association highlighted several factors that are expected to boost sales over the next several months.

Paul Taylor said, "Modest economic growth and declining gasoline prices, low interest rates, more leasing options and aging vehicles that need to be replaced will likely result in higher auto sales over the next several months."

The average price for regular gasoline at the end of April had fallen to $3.83 a gallon nationwide, about 11 cents lower than late March, according to AAA.

"If the trend of falling gasoline prices continues as expected, lower gasoline prices will be a key contributor to sales increases in both the new- and used-vehicle markets," Taylor said.

"Lower gas prices will act much like a tax decrease, putting more money in the pockets of consumers."

Taylor predicts U.S. new-car and light-truck sales will increase by more than 10 percent in 2012 as the new-vehicle supply increases.

"As inventory levels of small and midsized cars with four-cylinder engines return to normal after the production bottlenecks in the U.S. and Asia," Taylor said, "new-car sales will likely increase in future months.

"Light-truck sales will see a comeback during the second quarter. Falling gasoline prices—assuming there are no oil disruptions in the Middle East—will increase demand for both new and used sport-utility vehicles, crossover-utility vehicles, minivans and pickup trucks."

Taylor said May's sales results will indicate where the auto industry is headed for the rest of the year as the inventory mix of new cars and light trucks is fully restocked at dealerships.

Another factor expected to boost new-car sales is higher than average trade-in values on used vehicles. Used-car prices continued to rise in recent months, which have increased the trade-in values for consumers shopping for another vehicle.

Licenses

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streamlined," Emanuel said.

The new three-tiered licensing structure consists of limited business licenses, regulated business licenses, and specialized licenses. Businesses that hold either of the latter two licenses would not also have to maintain a limited business license.

The city's Department of Business Affairs & Consumer Protection, which issues the licenses, said it will notify businesses of changes pertinent to them.

Webinars

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online. The challenge for dealers today is to advance that "contact" to a face-to-face appointment.

That usually is where your Business Development Center comes into the picture. And while this approach is not new, some dealers still struggle to make it work to their full benefit. Speaker Cory Mosley offers a "new school" look at the Business Development Center, including the best marketing practices in use today at the country's best dealerships.

His new-school techniques include word tracks, marketing techniques and daily actions that will result in incremental growth. You will learn:

- The "4 Cs" of Phone Prospecting
- The 4 Principles of Communication & Conversion
- What separates successful Business Dev Ctrs from those that under-perform or never get off the ground.
- About the "New Road to the Sale" and how a fresh approach can lead to overall improvement via Internet sales.

Thursday, May 24 at 12 p.m. CDT

"Fixed Operations Marketing: New Tools & Tactics" All of those expired manufacturer and certified pre-owned warranties are opportunities for your dealership to bring in new faces. And your dealership doesn't have to spend big bucks using traditional media outlets like radio, newspaper and television either.

A mix of traditional methods and alternative media is a great way to promote your service and parts business. Join dealership fixed ops expert Rob Campbell and DealersEdge for a special workshop on ways to rebuild your service and parts business without breaking the bank. You will learn:

- A different approach to service marketing that is working in dealership's like yours.
- Attention-grabbing ideas to get your service department at the top of the customer's mind.
- About low-cost alternative marketing channels (Note: It's not just all about social media).
- How to close the gap between the perceived cost of your service versus the aftermarket.

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Consumer borrowing registers biggest monthly jump since 2001

Americans are stepping up their borrowing, possibly a good sign for the economy as households become less determined to whittle debt and more willing to spend.

Consumer spending on car loans, credit cards, student loans and other types of installment debt grew at a seasonally adjusted 10.2 percent annual rate to $2.54 trillion in March from February, the Federal Reserve reported May 7. Mortgages aren't included in the tally.

March's climb was the biggest leap since November 2001, when zero-percent financing on car loans touched off a fury in borrowing after the Sept. 11, 2001, terrorist attacks.

The shift from household-debt reduction to increased borrowing outside of mortgages began in the autumn of 2010 but accelerated late last year.

Economists say it isn't clear yet whether the shift reflects consumers becoming more confident in a strengthening economy or strained households felling the need to borrow.

Some economists say they view the shift as a positive given other encouraging signs in the economy, including surveys showing rising consumer optimism. Also, banks appear to have loosened lending standards a bit and may be giving consumers more access to credit.

To be sure, consumers still are in a precarious position, as income growth has been slow and unemployment remains high at 8.1 percent. The added debt could hurt consumers, and — in time — the economy as well, if incomes don't rise more quickly.

The new borrowing largely reflects many Americans buying cars after postponing such purchases for years, as well as a surge in college enrollment amid the weak jobs market.

But the data also showed a spike in credit-card use, which could signal a broader shift in consumer behavior, some economists say.

Rules of the road: Driving restrictions exist for 16- and 17-year-old workers

Teen-age workers can be an ambitious and cost effective source to perform various summertime roles at dealerships, but there are plenty of regulations to adhere to, especially for teen workers to drive.

With summer on the horizon, a review:

According to the Drive for Teen Employment Act — an ironic name, for the act effectively limits teen driving — 17-year-olds may engage in limited driving on public roads and 16-year-olds may drive only on private property, such as dealership lots, while working.

Employers should consider specifics of the legislation before allowing a teen to drive in the course of work. A 17-year-old must:

• hold a valid state driver's license;

• have completed a state-approved driver education course;

• be instructed that seat belts must be worn; (It's wise to have them sign a statement to this effect when they are hired.)

• have no moving violations on record at the time they are hired.

Also, the vehicle a 17-year-old drives neither may weigh more than 6,000 pounds gross vehicle weight nor be used for towing.

All driving is limited to daylight hours. Supervisors must ensure that there is ample time for 17-year-olds to complete their work trips during daylight.

Also, 17-year-olds may not drive in excess of one-third of one workday and one-fifth of a workweek. Vehicle occupancy is limited to three passengers, and the transport of nonemployee passengers is limited to two trips a day.

Licensed 16-year-olds may not drive on public roads while on the job. The National Automobile Dealers Association lobbied vigorously to expand driving privileges for 16-year-olds. But many states — including Illinois — have invoked graduated licensing laws for teens amid rising concern that the fatality rate for licensed 16- year-old drivers is double the rate for 17-year-olds and four times the rate for all drivers.

A violation of the Drive for Teen Employment Act is subject to a $10,000 fine. On-the-job driving by employees 18 and older is not regulated.

Young drivers know risks, text anyway

Most young U.S. drivers agree that it is dangerous to text while driving, but nearly a third admit they do it anyway, a survey by Consumer Reports shows.

While 80 percent said they knew of the risks, about 29 percent of drivers aged 16 to 21 said they had used text messaging in the past month. And 47 percent said they had made a phone call while driving, without a headset or other hands-free device.

The same survey showed that 48 percent said they had seen one or both of their parents using a cell phone without a hands-free device.

Nevertheless, last year there were the fewest traffic fatalities in the United States in more than six decades.

The number would have been even lower if not for traffic deaths caused by drivers who were distracted by using a mobile phone or engaged in other types of attention-dividing tasks, said Rebecca Lindland, director of automotive research for IHS Inc. The National Highway Traffic Safety Administration said about 3,100 people were killed in 2010 in "distracted-affected crashes," or 9.4 percent of all road deaths.

Self-driving cars ready for public road tests

Nevada drivers soon will be sharing the road with vehicles that don't need them. State officials this month issued the nation's first license to test self-driving cars on public streets, after conducting demonstrations on the Las Vegas Strip and in Carson City that show the car is as safe — or perhaps safer — than a human.

"It gets honked at more often because it's being safe," said Nevada Department of Motor Vehicles Director Bruce Breslow.

Self-driving vehicle technology works like auto-pilot to guide a car with little or no intervention from a human operator. Laser radar mounted on the roof and in the grill detects pedestrians, cyclists and other vehicles, creating a virtual buffer zone around the obstacles that the car then avoids.

While some envision the robotic car dropping off its operator at the front of the mall and hunting for a parking spot on its own, Breslow said not so fast.

Nevada's regulations require two people in the test cars at all times. One person is behind the wheel, while the other person monitors a computer screen that shows the car's planned route and keeps tabs on roadway hazards and traffic lights.

If there's a glitch, the human driver can override the autonomous auto with a tap on the brake or a hand on the steering wheel.

The cars, designed to avoid distracted driving, scored well on Las Vegas Boulevard, where massive billboards angle for the attention of starry-eyed tourists.

Advertising

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Direct mail (down 8.4 percent), yellow pages (down 9.7 percent), magazines (down 3.1 percent) and radio (down 17.5 percent) will be the projected victims of the surge in online activity.

Borrell's chief executive, Gordon Borrell, said the firm foresees the industry, including dealers and dealer associations, spending $11.9 billion on search buys and online banner ads, and trending toward repurposing manufacturers' agency spots for local video usage "tailored to their own purposes." The $11.9 billion figure marks an overall increase of 39 percent from 2011.

"Gone are the days when broadcast advertising dominated the top of the buying funnel," stated a summary of the report. Among the factors contributing to Borrell's findings are greater availability of co-op advertising budgets, and the movement of targeting marketing to reach potential buyers via their mobile devices.

The spending data examined trends for 11 marketing channels: newspapers, radio, TV, cable, magazines, outdoor, cinema, online, direct mail, directories and telemarketing; and examined spending patterns by five types of auto advertisers: manufacturers, franchised dealers, independent dealers, dealer associations and private-party sellers.

The report conservatively forecasts total sales of light trucks and cars of 13.5 million units (the U.S. sales rate was 14.5 million during the first quarter). But the report says higher gas prices and restricted credit could cause some "speed bumps."

Most of the automobile ad spending will occur in the May-to-August frenzy, when dealers push Memorial Day, Independence Day and Labor Day sales. This differs significantly from other businesses, which tend to advertise in late spring and into the fall as the holidays approach.

Dealers losing young service customers to independents: study

Service customers at auto dealerships are intensely loyal, but they also are older and spend less than customers of independent shops and chains, according to a study commissioned by the marketing firm, DMEautomotiveService.

Customers who spend the bulk of their service dollars at the dealership are more than twice as likely to be 55 years old or older than are people who typically get service at independent garages and service chains, the survey found.

Many independent garages specialize in older vehicles, which frequently need more repairs than new vehicles and whose owners are typically younger than new car buyers.

The survey of 4,000 random adults who had vehicles serviced in 2011 also looked at average annual spending by customers who were highly loyal to dealerships, independent garages or service chains.

While average total dollar amounts were within $100 of each other, on average, customers spent less on dealership repairs:

- Independent garages, $1,191;
- Service chains, $1,178;
- Dealerships, $1,105.

The challenge for dealers is finding ways to convince younger car owners to use dealership service departments for repairs on older vehicles, in addition to new vehicles.

CATA golf outing

The annual CATA goolf outing is June 11 at Cog Hill Golf & Country Club in Lemont.

Full details on playing and sponsorships at www.cata.info.