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Nissan, Infiniti to exhibit at '09 Chicago Auto Show after all

To emphasize for anyone who missed all the news in a busy Thanksgiving week, Nissan Motor Corporation will have a presence at the 2009 Chicago Auto Show after all.

Two days after announcing it would withdraw from upcoming auto shows in Detroit and Chicago, Nissan on Nov. 26 indicated it would be absent only from Detroit. In a swift reversal, the Japanese automaker said its Chicago area dealers would help staff the show in February.

The company first said it was paring its auto show participation due to financial constraints and a downturn in U.S. sales.

“Given the extraordinary economic

and industry climate, all well-managed companies have a fiduciary responsibility to review strategies and tactics for going to market,” said Alan Buddendeck, Nissan’s corporate communications vice president.

“As everyone knows, the automotive industry is facing severe and prolonged headwinds in North America and around the world. It’s a climate that demands decisions that are often difficult and even controversial.”



But days later, the company said in a statement: “After a careful review of this decision with our North Central Region management and our Chicago dealers, we have found a way to maintain a presence at the Chicago show through our dealers, while still dem-

onstrating the fiscal responsibility required by these challenging times.”

Nissan also reiterated its plans to skip Detroit’s North American International Auto Show in January. The Chicago show dates are Feb. 13-22.

Auto rescue bill passes House; Senate debating

U.S. representatives voted 237-170 Dec. 10 to support the Auto Industry Financing and Restructuring Act. At this newsletter’s deadline, Senate Republicans were pushing tougher legislation, and it was unclear there were 60 supporters needed for passage.

Sen. Richard Durbin (D-Ill.) can be reached at 202-224-2152 or 312-353-4952.

Treasury Department helps free up loans for cars

Dealers must make customers aware of new financing opportunities

The U.S. Treasury Department is establishing a new program to increase the availability of auto loans. The Federal Reserve’s \$200 billion Term Asset-Backed Securities Loan Facility (TALF), announced Nov. 25, will facilitate the issuance and sale of securitized auto loans.

The National Automobile Dealers Association called the TALF “great news for consumers and auto dealers alike. These steps will go a

long way in helping to restore the consumer confidence we need to return our industry and our country to economic stability.”

The NADA also is working with the Federal Reserve and Treasury Department to clarify the TALF eligibility requirements, specifically as they relate to automotive floor plan securitizations.

There is a great need for wholesale automotive inventory loans, so the NADA has

called on regulators to confirm that the TALF also extends to these vital loans.

This action demonstrates that the federal government is willing to help dealers get consumers shopping again. Dealers can do their part by using this economic stimulus as leverage to get customers in the door.

Funding for the TALF comes from the \$700 billion Emergency Economic Stabilization Act.

Big jump in Internet shopping for used vehicles: J.D. Power study

A majority of used-vehicle buyers who use the Internet to conduct vehicle research during the shopping process—and more than six in 10 buyers do—buy a vehicle that they find online, according to a J.D. Power and Associates study released Dec. 11. This reflects a substantial increase since 2007.

The Used-Vehicle Market Report provides a comprehensive industry overview of the entire late-model used-vehicle market and is designed to provide automotive manufacturers and marketers with insightful information on the shopping and purchasing habits of used-vehicle buyers.

The report finds that, among used-vehicle buyers who used the Internet while shopping for their vehicle in 2008, 61 percent found the vehicle they ultimately purchased on the Internet. In the 2007 J.D. Power study, that figure was 48 percent.

While the percentage of used-vehicle buyers who use the Internet to shop for their used vehicle has increased only marginally from 2007, buyers who shop online spent more time conducting online research in 2008 and visited more Web sites, compared with 2007. The amount of time that used-vehicle buyers spend researching vehicles online increased by 18 percent, from an average of 7.3 hours in 2007 to 8.6 hours in '08. The average number of manufacturer Web sites visited by shoppers increased from 2.7 in '07 to 3.2 in '08.

“Although there hasn’t been a large increase in the percentage of used-vehicle buyers using the Internet to shop in 2008, those who did use it are spending more time online, visiting more sites and are utilizing the features and benefits of

Model year '09 fuel economy guides available now online

Paper copies of the Environmental Protection Agency/Department of Energy’s annual fuel economy guide no longer are mailed automatically. The model year 2009 edition, available online, features fuel economy estimates based on updated EPA calculation methods.

Dealers must make copies of the guide available, free of charge, to customers who request them, so salespeople should know how to download copies as needed at www.fueleconomy.gov.

Send an e-mail address to fueleconomy@ornl.gov to get an updated electronic copy of the guide each year.

The annual fuel cost estimates in the 2008 and 2009 electronic fuel economy guide are updated weekly by the U.S. Energy Department’s Energy Information Administration to match the current national average prices for gasoline and diesel fuel.

automotive Web sites to a greater degree than ever before,” said Jon Osborn of J.D. Power. “The Internet has emerged as a particularly effective medium for used-vehicle shoppers to find the specific vehicles they desire, as well as for dealers and private parties to get their used vehicles sold.”

The report, which also examines certified pre-owned (CPO) vehicle programs, finds that among buyers who purchase CPO vehicles, 56 percent are made aware of CPO programs by salespeople at dealerships. About 38 percent of customers also cite the salesperson as the most influential reason for purchasing a CPO vehicle.

Online sources of information also are effective at raising awareness of CPO programs. In particular, more buyers cite automotive Web sites as instrumental to their awareness of CPO programs and vehicles than other types of media, including television, radio and print.

A greater percentage of buyers who purchase CPO vehicles use the Internet in their shopping process (66 percent), compared with buyers of non-CPO vehicles of the same make (58 percent). In addition, import luxury brands lead the industry in providing high levels of satisfaction with the CPO buying experience.

Marketplace

GM/GSM Highly motivated, experienced, accomplished in 20+ years successful dealership management. Extensive knowledge of all facets of retail automotive industry. Responsibilities have ranged from personnel recruitment/development to process evaluation and design; business plan development, forecasting and budgeting to marketing and advertising; inventory control to customer and employee relations. James Borchers, 847-846-2652.

Résumé on file at the CATA.

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

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NADA battle plan: Tackle auto industry crisis on 3 fronts

By RAY SCARPELLI SR.

METRO CHICAGO NADA DIRECTOR

Our industry is at a crossroads. We're facing unprecedented challenges. But the NADA is actively engaged on the three most significant fronts—in Washington, in the media and in the dealership—in an effort to help get the auto industry back on the right track.

In Washington:

- NADA Chairman Annette Sykora testified Nov. 19 before the House Financial Services Committee, along with Detroit CEOs Alan Mulally, Rick Wagoner and Bob Nardelli. Sykora offered a Main Street perspective and supported the OEMs' request for bridge loans.

- A call to action was sent to all dealers, asking them to urge their Congress members to act swiftly to support an economic stabilization package for the automobile industry. NADA members can locate their members of Congress by contacting the Capitol switchboard at 202-224-3121. If you have additional questions, call the NADA's Legislative Affairs office at 800-563-1556.

- Sykora sent a letter to President Bush—hand-delivered to the White House by NADA President Phil Brady—urging the president and Congress to act quickly to implement further steps to assist the retail auto industry.

- Sykora also wrote to Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke, urging them to help preserve dealer viability as they consider requests for government intervention to support the ailing auto industry.

- The NADA met with Treasury Department officials to advocate the use of the Troubled Asset Relief Program to secure both retail and wholesale (floor-plan) auto loans.

- The NADA supports legislation—sponsored by Sens. Barbara Mikulski (D-Md.) and Chris Dodd (D-Conn.)—to provide tax incentives for vehicles purchased Nov. 12, 2008, to Dec. 31, 2009.

- The NADA has asked Congress to fund state “cash for clunkers” programs to encourage consumers to upgrade their older cars to more fuel-efficient models.

The association also is working with the Small Business Administration on a proposal to gain access to more working capital for dealers, and has met with financial service trade associations—the Independent Community Bankers Association, the Consumer Bankers Association and the American Financial Services Association—to increase dealer access to credit. We have participated in discussions with some 40 lenders regarding how to effectively ap-

proach Treasury. Dealers in Connecticut recently met with Sen. Dodd, chairman of the Senate Banking Committee, to seek his support. And the NADA is sending letters to each Detroit Three CEO, requesting input in the development of the plans they present to Congress. To read this letter in full, visit www.magnetmail.net/images/clients/NADA/attach/NADA_to_Detroit3_CEOs_112108.pdf.

In dealerships:

- The association has launched a free, confidential telephone hotline service to help members who need assistance with financial and operational issues including frozen capital, cash flow, absorption, warranty administration, accounts receivable, and aged inventory. To schedule a call with a consultant, visit www.nada.org/Lifeline or call 888-672-5147. The dealer will be asked to submit financial information for analysis and will receive a consultation within 24 hours.

In other NADA news . . .

- The U.S. Treasury Department warns dealers about cases where individuals are using **counterfeit documents** that appear to be issued by the Treasury Department to purchase or attempt to purchase vehicles from auto dealerships or pay off debts. The department has been investigating two such cases—one in Arizona and one in Indiana. The types of notes and bonds may or may not be referenced as “U.S. Treasury” bonds or promissory notes. However, they are identified as “personal promissory notes” and/or “private offset bonds,” and often contain the name Treasury Secretary Henry Paulson on the document.

The only type of paper bond issued by the U.S. Treasury that a citizen can purchase today is a U.S. savings bond. All other Treasury bonds are electronic transactions only. If you have information about any Treasury-related fraudulent activities, please contact the Office of Investigation's hotline at 800.359. 3898, or e-mail hotline@oig.treas.gov. Additional information about this and similar fraud schemes is at the Treasury Department Web site, www.treasurydirect.gov/instit/statreg/fraud/fraud_bogussightdraft.htm.

In other legislative news . . .

- George McGovern, a prominent member of the Senate for years and the 1972 Democratic presidential nominee, has joined business groups opposing legislation that would **eliminate the secret ballot requirements for union representation**. Employees at a business such as an auto dealership would be able to organize by collecting a simple majority of employee signatures. “I believe in the secret ballot as a very important part of our democracy.

SEE SCARPELLI, PAGE 4

FTC rules change: Get permission before prerecorded phone calls

Effective Dec. 1, sellers must obtain permission from consumers before dialing a telemarketing call that delivers a prerecorded message, according to changes announced by the Federal Trade Commission.

The changes do not affect calls that deliver purely “informational” prerecorded messages, such as notifying the recipient that he has a service appointment, or similar content. Such “informational” calls are not covered by the FTC’s Telemarketing Sales Rule because they do not attempt to sell the called party any goods or services.

For calls that deliver prerecorded sales messages, the seller must obtain the recipient’s signed, written agreement to receive such calls.

At the outset of all prerecorded messages, sellers and telemarketers now must include an automated keypress or voice-activated interactive opt-out mechanism so that consumers can opt out as easily as they can from a live telemarketing call.

Calls placed by for-profit telemarketers that deliver prerecorded messages for charitable solicitations on behalf of nonprofits are exempt from the new ruling.

When it was introduced several years ago, the Telemarketing Sales Rule allowed for calls that deliver prerecorded messages to consumers with whom a seller had an established business relationship.

Correction

Seven Chicago television outlets were omitted from a Dec. 1 article in this newsletter about stations that are giving free time for the CATA to air its message that dealers can find financing for their customers.

WBBM-TV, WCIU-TV, WLS-TV, WMEU-TV, WWME-TV, WWME.4 and Comcast Sports all are providing many gratis spots for the campaign to combat a widespread misconception that credit is not available for consumers. The mindset is stifling demand and backing up inventory on dealer lots.

In all, more than 850 complimentary spots will have been shown on 12 stations in the market in the five-week period ending Dec. 31.

The editor regrets the omission of the above outlets from the original article.

Happy Holidays!

To mark the year-end holidays, the offices of the CATA will be closed Wednesday, Dec. 24, Thursday, Dec. 25, Wednesday, Dec. 31 and Thursday, Jan. 1.

Scarpelli

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When we elect a president, sheriff or member of Congress, we walk into the voting booth and pull the curtain free of anyone trying to twist our arm,” McGovern said in a recent interview.

The NADA opposes the card check legislation—the Employee Free Choice Act, H.R. 800—and supports efforts to defend the rights of workers to a secret ballot free of intimidation by unions. “Currently, the NADA is working with the Coalition for a Democratic Workplace to oppose this anti-business legislation,” said David Regan, vice president of NADA legislative affairs. With increased Democratic majorities in both the House and Senate, organized labor will renew its push to pass the legislation next year. President-elect Barack Obama has previously indicated support for card check legislation. Last year, H.R. 800 passed the House but fell short of the 60 votes necessary to overcome a procedural hurdle in the Senate. For more, visit www.myprivateballot.com, or call the NADA’s legislative office at 202.547.5500.

- The NADA recently proposed legislation, announced last month by U.S. Sen. Barbara Mikulski (D-Md.), which seeks to stimulate the struggling economy by boosting retail automobile sales. At a news conference in a suburban Maryland dealership, Mikulski proposed granting a **tax incentive for consumers who purchase a new car or truck**. New-vehicle buyers would be able to temporarily deduct sales and excise taxes as well as interest on auto loans from their income taxes. “It’s simple, it’s targeted and it’s timely,” Mikulski said of her proposed bill. NADA Chairman Annette Sykora, who also spoke at the conference, pointed out that auto sales are in a free fall. “We must restore consumer confidence. This legislation would provide the right kind of incentives to jump-start auto sales,” Sykora said. “Now is the time for Congress and the White House to implement a stimulus package that is focused on ‘Main Street.’” Sykora noted that since auto sales make up almost one-fifth of the nation’s retail economy, a boost in new-vehicle sales could help lead an economic recovery. The “Auto Ownership Tax Assistance Amendment” would make interest payments on car loans tax deductible for the remainder of 2008 through the end of 2009. Prior to the 1986 tax reforms, taxpayers were able to deduct auto, credit card and other types of debt from their annual tax bill. The NADA’s legislative office encourages all dealers to reach out to their senators and representatives and urge them to support the “Mikulski-Bond Auto Ownership Tax Assistance Amendment.” The NADA strongly supports Mikulski’s amendment to boost retail auto sales and other measures, which is cosponsored by Missouri Sen. Kit Bond (R). For more, visit www.nada.org/Advocacy+Outreach/LegislativeAffairs/.