



Volume 106, No. 22

November 16, 2009

3

print editions remain of this newsletter, which resumes electronic-only distribution in 2010. If you don't already receive it via e-mail, send address to editor@cata.info. All addresses held in confidence. Don't be left behind!

Red Flags compliance gets 4th reprieve

Creditors and financial institutions, including dealers, now have until June 1, 2010, to develop and implement written identify theft prevention programs.

Debate behind enforcement delays suggests Congress wrote the provision too broadly and needs to reconsider the issue.

New AWARE campaign attempts to educate consumers about vehicle financing ins/outs

As the auto show season approaches, a number of industry groups have joined behind a campaign to help educate consumers on the basics of vehicle financing. The campaign is led by Americans Well-informed on Auto Retailing Economics (AWARE).

"It's in all of our interests for consumers to have a good understanding of how auto financing works," said a spokesman for the NADA, one of the group members. "With many car buffs and families alike shopping for a new vehicle during the upcoming auto show season, it's a good opportunity to educate consumers on the basics of auto financing."

The campaign encourages dealers to have available AWARE tips for car shoppers to follow, like setting a budget, staying in an affordable price range when shopping, and reading any contracts before signing them.

"Consumers who take the time to re-

search their financing options are more likely to be satisfied with their vehicle purchases," said AWARE spokesman Eric Hoffman.

AWARE was formed by the vehicle financing industry to build a greater understanding among consumers about how auto financing works. The group's primary initiative is its Web site, www.AutoFinancing101.org, which contains information in English and Spanish.

The Web site aims to provide potential buyers of new and used autos with the tools and resources they need to successfully navigate the auto financing process.

The education via the Internet is free of advertising or lead generation sales tactics.

Other AWARE group members include most manufacturer financing arms and dealer groups, like the American International Automobile Dealers Association.

Dealer group gives thumb's down on looming health-care legislation

WASHINGTON — The slow-moving, headline-grabbing train that is national health-care reform passed the House Nov. 7, with one Republican joining 419 Democrats in support of the House measure.

The focus now is on the Senate, which has pledged to pass its version of the matter this year. But many business groups, including the National Automobile Dealers Association, op-

pose what is unfolding. In doing David Letterman better by half, the NADA produced a Top 15 list of reasons dealers should call their senators to oppose House Resolution 3962, the Affordable Health Care for America Act.

The NADA contends that H.R. 3962, if passed, would extract unfair taxes and increase health-care costs for deal-

SEE HEALTH CARE, PAGE 2

Health care

CONTINUED FROM PAGE 1

ers and their employees. The bill's Senate version, the NADA charged, must not include cost increases and unreasonable mandates for small business dealers, who already are struggling to control health-care costs.

Among the NADA objections to H.R. 3962:

Employer mandate

The bill includes an employer mandate that would require employers to offer health care to full-time and part-time employees. An employer mandate does not address the No. 1 issue facing small businesses: unsustainable costs.

Payroll tax penalty

Payroll taxes are an especially onerous tax because they tax labor. No matter how profitable or unprofitable a business might be, it is forced to pay this tax. The

legislation requires that all employers with a payroll of \$500,000 or more must pay payroll tax of up to 8 percent if they do not provide "qualified" health insurance to their employees.

Government-run public option

The public option outlined in H.R. 3962 fails to deliver what small employers have long sought: a reformed, private insurance marketplace that can provide businesses and employees with more affordable coverage and a sustainable choice of plans.

Instead, the public option is an "easy way out" for legislators who decided to simply grow the size of government. The National Federation of Independent Business is deeply concerned that a "public option" will further compromise the viability of private insurance and restrict choice to a single plan: the government-run plan, which

ultimately would be funded on the backs of small businesses.

You can't 'keep what you have'

Despite assurances from elected officials and pundits, H.R. 3962 sets forth a new standard for what qualifies as employer-based coverage and requires all employer plans to meet that standard within five years. While you may "keep what you have"

now, you probably can't keep it forever.

Small employers exposed to more lawsuits

Throughout the text of H.R. 3962 there are "rules of construction" that provide "green lights" for trial lawyers seeking to file lawsuits against small employers.

The U.S. spends about 16 percent of its GDP on health care. Switzerland, at 11 percent, is second highest.

'10 fuel economy guides available

Dealers must provide upon request

An annual guide that gives consumers important information about estimated fuel costs and mileage standards for model year is available for 2010 vehicles.

The Environmental Protection Agency and the Department of Energy can distribute the Fuel Economy Guide to dealers electronically.

The guide also is readily accessible from a mobile device, smart phone, or personal digital assistant at fuelconomy.gov/m.

To meet regulatory obligations to display a booklet and to provide a booklet to cus-

tomers upon request, dealers can print the guide from either the electronic file that would be emailed and available by download at www.fueleconomy.gov. Dealers also can order a printed paper guide.

Orders for the guide are accepted and will be mailed, free of charge, by the end of November. Orders for the paper guide can be made online at www1.eere.energy.gov/library/feg_order_form.aspx?FormID=1. Printed copies also can be requested from the DOE by calling (877) 337-3463 8 a.m.-6 p.m. CST.

In Memoriam

Francis "Fran" Napleton, founder of a dealer group that by 2000 boasted 57 stores in four states, died Nov. 6 after a three-year battle with Alzheimer's disease. He was 84.

Mr. Napleton, who served in the Army Air Force during World War II, took over his father's Chrysler-Plymouth dealership in Blue Island in 1970. Four years later, he began buying struggling dealerships in the Chicago market.

When he retired in 2004, he turned the Napleton Auto Group over to his eight children, all of whom have been involved in dealership operations.

Mr. Napleton is survived by his wife of 60 years, Elizabeth; daughters Ellen and Mimi; sons Edward, Stephen, Gerald, Paul, William and Robert; 38 grandchildren and five great-grandchildren.

Donations accepted by Chicago's St. Rita High School, (773) 925-6600.

The CATA Bulletin is published by the
Chicago Automobile Trade Association
 18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810

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 resume to the Editor.

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

Jerry H. Cizek III
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

NADA succeeds in dealer exemption from new federal agency

By **RAY SCARPELLI SR.**

METRO CHICAGO NADA DIRECTOR

The House Financial Services Committee late last month approved a key amendment 47-21 to keep automobile dealers under the already effective state and federal laws that govern vehicle financing.

The amendment, sponsored by Rep. John Campbell (R-Calif.), excludes auto retailers from the regulations of the proposed Consumer Financial Protection Agency (CFPA). Dealers will continue to be subject to the full range of consumer protection rules of the Federal Reserve, the Federal Trade Commission and state laws.

The National Automobile Dealers Association led a grassroots campaign in support of the Campbell amendment. "The NADA and dealers across the country applaud the overwhelming bipartisan support for the Campbell amendment," said David Westcott, chairman of NADA's Government Affairs Committee and a multi-franchise dealer from North Carolina. "It makes sense to exclude dealers. Dealers had absolutely nothing to do with the credit crisis."

House Resolution 3126, the Consumer Financial Protection Agency Act, later passed the full committee with the Campbell amendment included. However, the bill still has a number of other hurdles before reaching the White House for final approval. The House Energy and Commerce Committee, which also has partial jurisdiction over the new agency, will have an opportunity to consider the bill before a House vote. The Senate will go through a similar process. The NADA's legislative office and dealers across the country will continue to be part of the process.

NADA University to launch in February

Today's automotive professionals are facing more challenges and a faster rate of change than ever before. To help ensure your staff has the right knowledge, information, and up-to-date skill-set, the NADA and the ATD will launch NADA University in February 2010. The university's mission is to provide dealers with timely and relevant content offered conveniently and affordably. It will encompass four "automotive centers of excellence," each complementing the others in content and the role it plays in supporting the dealership operations. With a focus on supporting car and truck dealers alike, the centers include:

- **Academy – Leadership Development:** leadership development and executive education programs for your key managers and future successors. Through Academy, these key personnel become stronger industry, market and economic leaders, ready to run a better operation today

and adjust quickly and successfully to changing conditions.

- **Learning Hub – Education Solutions:** a wide selection of online, Webinar, workshop, and seminar training courses for dealership staff in advertising, business management, customer relations, employee relations, fixed operations, legal & regulatory issues, variable operations, and more. New to the NADA are the online courses, available on demand and measurable by employee, that help you stretch your training dollar and get the performance you expect.

- **20 Group – Performance Improvement:** when it's time to roll up your sleeves and improve performance, nothing compares to the NADA and ATD 20 Group programs. They include a best-in-class online composite, consultants who know the business, and the NADA's commitment to help you succeed. In addition to the traditional 20 Group meeting format, NADA University's 20 Group offers other performance improvement options that include in-dealership consulting, Lifeline to Profits workshops, and more. Driving your profitability is our bottom line.

- **Resource Toolbox – Industry Information:** including resources that are available exclusively to NADA and ATD members as well as beneficial industry information and news available to everyone, you'll want to visit the Resource Toolbox daily. The Resource Toolbox will house your familiar management guides and bulletins online, and you'll find helpful resources like the new Buyer's Guide, Market Insight monthly Webinars, and more.

In other legislative and regulatory news . . .

The NADA in October urged the federal agencies in charge of finalizing fuel economy and greenhouse gas rules for motor vehicles to work toward a unified and consistent **single, national fuel economy standard** that clearly rejects the "flawed patchwork" approach adopted by a state air resources board in California.

Testifying on behalf of dealers, Forrest McConnell, chairman of NADA's Regulatory Affairs Committee, told officials from the National Highway Traffic Safety Administration and the U.S. Environmental Protection Agency that "a single, national standard is essential and must set only feasible and affordable mandates." "While the California Air Resources Board has a long history addressing mobile source criteria and hazardous pollution, incorporation of its greenhouse gas rules is neither practically necessary nor legally appropriate for a well-designed single, national fuel economy and greenhouse gas program," McConnell said.

NASCAR ties help Dodge, Chevy win support among Generation Y

Perceptions of the automotive industry vary widely among Generation Y social media users, with teens commenting most positively about import brands and their slightly older counterparts more frequently discussing domestic brands.

The study by J.D. Power and Associates examined online conversations by two subsets of Generation Y: teens (ages 12-18) and early careerists (ages 22-29). Although both groups are broadly categorized as part of Generation Y, or the Millennials (those born during the 1980s and early 1990s), each subset has markedly different views, opinions and behaviors from the other.

The reports are designed to help brand managers and marketers better understand these increasingly important consumer segments, which have the potential to attain more spending power than any previous generation. In addition, the reports provide valuable insight into Gen Y consumer perceptions of brands as well as what drives consumers to purchase those brands.

Automotive brands that receive the greatest volumes of online discussion among teens and early careerists, relative to volumes among social media users in other age groups, are in the chart accompanying this story.

The report finds that, among early careerists, Dodge and Chevrolet are the two automotive brands discussed most often, relative to mentions by social media users in other demographic groups. Online mentions of these brands also tend to be largely positive. Discussions

of these brands focus primarily on their association with NASCAR.

Other frequently mentioned topics include nostalgia references to models such as the Chevrolet Camaro, including the Camaro's appearance in the recent "Transformers" movie, and the Dodge Challenger.

"Domestic automakers are benefiting from their strong marketing ties and product placement," said Chance Parker of J.D. Power. "When the NAS-

Online discussion of brands

Rank	Early Careerists	Teens
1	Dodge	Toyota
2	Chevrolet	Honda
3	Toyota	Audi
4	Land Rover	Cadillac
5	Mazda	Chevrolet
6	Jeep	Jeep
7	Lexus	Mercedes
8	Honda	Volkswagen
9	Ford	Nissan
10	Buick	BMW

CAR drivers (whom) they sponsor win, domestic automakers also win in terms of recognition among many social media users in their 20s."

Despite this positive brand affinity, domestic auto manufacturers have incurred strong negative sentiment from early careerists for being bailed out by the government.

"Early careerists," said Parker, "cite domestic automakers' lack of innovation and disregard of consumer demands as reasons for their difficulties."

Among teens, Toyota and Honda gar-

ner the largest volumes of discussion. Both teens and early careerists perceive Toyota, as well as other import brands, as more innovative in vehicle features and styling, and for enhanced fuel efficiency, safety and reliability. Lexus and Land Rover are premium brands discussed among early careerists as brands they most aspire to own.

Teen online discussions indicate shifts in perceptions regarding the necessity of and desire to have cars. Aware of the economic difficulties their parents may be facing, teens are less interested in incurring the costs involved with maintaining and fueling a vehicle. Also, with the advent of social media and other forms of electronic communities, teens perceive less of a need to physically congregate, and less of a need for a mode of transportation.

"The negative perceptions of the automotive industry that teens and early careerists hold could have implications on future vehicle sales," said Parker. "Generation Y could have the greatest spending power of any generation—even surpassing that of the Baby Boomers. It will be essential for automakers to earn the trust and loyalty of Gen Y consumers, who are particularly critical of brands and products."

The Teen and Early Careerist Tribe Intelligence Report analyzed more than 300,000 spontaneous online conversations among teens and more than 475,000 online conversations among early careerists that took place in the blogosphere and on message boards between January and August 2009.

Wholesale used-car prices show first decline since December

Used-car prices, which shot up in recent months, have started to come down, at least at the wholesale level, according to the consulting arm of the big used-car auction houses.

According to USA Today, Manheim Consulting's index of used-car values dipped in October, its first decline since December 2008 when the index hit an all-time low. In the

months since that December low, the index has climbed steadily, reaching an all-time high in September.

Prices dropped for trucks (-5.2 percent), full-size cars (-10.2 percent), and mid-size cars (-5.4 percent). The autumn typically sees a reduction in used-car sales. Factoring in a seasonal adjustment the index dipped 0.9 percent overall in October. Without that adjustment, it dropped 4.4 percent.