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.

Premiering Thursday, Aug. 20 at 12 p.m. CDT
“Aging Parts Inventory: Valued Assets or Worthless Artifacts” As the television program “American Pickers” has demonstrated, some old stuff can be worth some serious cash. In your parts department, however, old stuff mostly is just junk.

Presenter Chuck Hartle offers his views on aging

Chicago Auto Show a top source for car-buying decisions: study

An examination this year of the nation’s auto shows indicates that the Chicago Auto Show tops its counterparts in every key measure of reaching the car-buying public.

While the argument that auto shows offer consumers what amounts to a one-stop, pre-shopping experience before they head to a dealership has largely been based on anecdotal evidence, the formal research study now confirms the strong link between attendance at an auto show and the likelihood of a new-vehicle purchase.

The study, “The Power of Auto Shows,” was prepared by Foresight Research, a firm that counts several auto show producers among its clients, including the Chicago Automobile Trade Association. The study was released in July.

In the overall study, 57 percent of those attending an auto show said they intended to purchase or lease a vehicle within 12 months. In Chicago, that figure was 68 percent.

And consistent with their strong vehicle purchase intention, 78 percent of Chicago Auto Show attendees said they were influenced to visit in order to see newly introduced vehicles, and 63 percent to compare vehicles before a dealer visit.

While the Foresight Research study shows a strong correlation between auto show attendance and vehicle registrations, it also reveals
inventory and how you can avoid converting your cold hard cash into less-than-worthless junk.

Almost everyone, at one point or another, has ended up with a basement or garage full of what we thought were valuable items, things that we might find of value someday. But mostly, it’s just junk. It’s not exactly the same dynamic, but many dealerships have parts departments heavily stocked with “stuff” that will never sell, tying up cash, shelf space and employee time. It’s way past time to clean out the dead stock.

Attend this workshop and you will:
• identify the different types of “Idle Inventory,” and know what you do and don’t have
• be able to forecast future sources of obsolete parts inventory
• discover methods for purging idle inventory and freeing up invested capital

Premiering Thursday, Sept. 17 at 12 p.m. CDT

“Labor Law Basics for Car Dealers: 4 Things You Need to Know” Hiring and firing at most dealerships is an “all-the-time” activity. Every manager involved needs to be aware of these four areas of the law and how to comply. A long list could be drawn of dealerships that found themselves on the wrong side of labor law requirements. Most ended up paying huge penalties, and not because they willfully broke the rules. They just did not know better.

Labor law is a wide and complex subject, but attorney Charlie Feuss makes it a bit easier to understand and apply to dealership operations via this workshop. You cannot afford to be ignorant or out of date on this.

Learn what U.S. labor laws say about dealerships and:
• Discrimination: who is in a “protected class,” dos & don’ts
• Wage & Hour Regs: always changing, expanding, often confusing
• Family and Medical Leave: FMLA- dealership responsibilities
• Employment Contracts: “At Will” myths & other contract issues

EPA strengthens underground storage tank requirements

A new rule by the U.S. Environmental Protection Agency, effective Oct. 13, updates requirements for underground storage tanks in order to improve leak prevention and detection.

The EPAs actions also should serve to promote tank regulation uniformity across the U.S., close regulatory gaps, update technologies and incorporate the secondary containment and operator training requirements required by the Energy Policy Act of 2005.

The EPAs new rules preserve prior exclusions for lift cylinders and wastewater tanks.

In a statement, the National Automobile Dealers Association said it recognizes that the majority of dealerships have removed unnecessary underground storage tanks and replaced them with upgraded tanks and piping.

Questions can be directed to regulatoryaffairs@nada.org or (703) 821-7040.

September is Child Safety Month

Dealers are encouraged to participate in September in National Child Safety Month. Through a partnership between the National Automobile Dealers Association and the National Highway Traffic Safety Administration, Child Passenger Safety Month is a nationwide effort to educate parents about the importance of properly securing children in approved car seats, booster seats, or with seat belts when traveling.

Experts estimate that four of five child safety seats are installed incorrectly, and that about 40 percent of children under age 8 who are injured in car crashes are completely unbelted. Often, the injuries are fatal.

The NADA has free handouts that can be distributed at inspection events. Information to help dealers plan and host a child safety seat inspection event is available on the association’s website, www.nada.org/PublicAffairs/_Landing-Pages/Child-Passenger-Safety-Campaign_-Dealer-Resources.

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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 www.cata.info/publication/bulletins.

David E. Sloan President, Publisher
Erik K. Higgins Editor, Director of Dealer Affairs
How old people became the future of the U.S. auto industry

1 in 15 U.S. drivers is over age 75

American seniors have never been healthier or wealthier. At the same time, cars have never been crammed with more features to safeguard drivers with fuzzier vision, slower reactions, and stiffer necks.

Those forces have created a powerful economic engine for car manufacturers. This might just be the first time ever that one of the most promising demographics for the auto industry is represented by Social Security recipients.

The roads in America are going gray. From 2003 to 2013, the number of licensed drivers over the age of 65 surged by 8.2 million, a 29 percent increase, according to U.S. Census data. The very old were particularly stubborn about pulling over for good.

Now with 126 co-sponsors among the full House, the U.S. House Financial Services Committee on July 29 approved House Resolution 1737, a bill to revoke the CFPB’s auto lending guidance bulletin, which the agency issued in 2013. This suggests auto lenders impose controls on dealer interest rate markups or eliminate dealers’ discretion to mark up loans and instead use another reward mechanism, such as a flat fee per transaction.

There now are about 3.5 million U.S. drivers over 84, a staggering 43 percent increase over a decade ago.

On the other end of the age spectrum, teenagers no longer have the income or inclination to own a car. Over that same 10-year period, the ranks of drivers under age 20 declined by 3 percent.

Not only are seniors staying on the road longer, they also aren’t coasting into the sunset in clunkers. In the past five years, the number of new cars registered to households with a head age 65 or older has risen 65 percent, according to IHS Inc., an auto industry analyst.

Drivers over the age of 75, meanwhile, registered about six times as many new cars as those age 18 to 24. The children may well be the future, but the fogies have the cash. And they want to use it before it’s too late.

Ben Winter, Fiat Chrysler Automobiles’ vice president for product planning, calls these customers “the matures.” They tend to like minivans for schlepping the grandchildren and large sedans such as the company’s Chrysler 300 and Dodge Charger.

“We don’t ignore any group ever. But some of the metrics are fairly compelling,” Winter said. “I’d say we’re talking about this group much more than we used to.”

They’re also increasingly spend-thrift. CarGurus, an online shopping platform based in Boston, said the No. 1 vehicle searched by senior citizens on its site in recent years is the Chevrolet Corvette.

“These folks seem to have really gourmet tastes in cars these days,” says CarGurus editor Steve Halloran. “They just aren’t looking at bargain-basement stuff.”

House committee passes bill to repeal CFPB’s guidance on auto lending

There is growing opposition to the Consumer Financial Protection Bureau’s plans for regulation of the auto lending sector, with a bipartisan bill designed to remove the agency’s authority making progress in gaining support for an eventual change in legislation to block its current approach.

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The bill was passed at the committee by 47 votes to 10. As well as withdrawing the guidance, it says the CFPB should be required to give notice and have a public consultation before issuing guidance and make a full study of the costs and impacts of any guidance on consumers and other recognized groups, such as small businesses.

In addition, the bill’s proponents want the agency to make public the data and methodologies it uses to assess whether its guidance is being met, in areas such as possible discrimination in lending.

“We want to ensure that the CFPB’s auto finance policy is based on accurate analysis and is based on the best interest of consumers,” said Rep. Ed Perlmutter, a Democrat from Colorado, who introduced the bill in April with Rep. Frank Guinta, R-Texas.

The CFPB’s use of a particular methodology to assess whether dealers and lenders are discriminating against ethnic minority groups and others has been strongly criticized by several groups.

Dealership barbecues top $100,000 for USO

The July efforts of about 70 area dealerships raised more than $100,000 for USO of Illinois, the highest sum in three summers of fundraisers for USO programs that support deployed troops, military families, wounded, ill and injured troops and their caregivers, and families of the fallen. The official total sum raised will be announced at an Aug. 19 event.
Gas prices have been fluctuating in a 20-cent range towards $3 lately, but with a glut of cheap oil outpacing demand, industry analysts say that $2 gas could be widely available later this year.

GasBuddy.com senior petroleum analyst Patrick De Haan said regular gas could average less than $2 a gallon in as many as 20 states before Christmas, and predicted that the national average for regular would be $1.98 a gallon for the month of December.

The AAA travel services organization said in its monthly gas price report that $2 gas looks increasingly likely, especially in the South-east and central portions of the country.

“The recent price declines are hopefully just a precursor of much bigger savings to come at the pump. We could see many parts of the country make another run toward $2 per gallon by the end of the year if everything keeps running smoothly,” AAA said in its report.

The national average for a gallon of regular gas had fallen 22 days in a row for a total of 16 cents and stood at $2.62 as of July 30, according to the AAA Daily Fuel Gauge Report. That is down from a 2015 peak of $2.80 set on June 15.

AAA predicted that prices could fall 15 cents more this month as low global oil prices and an abundant domestic oil supply offset the typical seasonal high demand from motorists taking summer road trips.

U.S. oil was trading at less than $45 at the end of July, down from more than $61 in late-June.

The national average for regular gas nearly fell to $2 in late-January. That changed when the price of oil started to rise and refineries conducted seasonal maintenance, reducing production, and later switched to more expensive blends of gasoline just as demand picked up during the spring.

Now that oil prices have tumbled, AAA said pump prices could fall even more as demand for gas drops after the summer driving season.

In addition, stations in many parts of the country can switch over to less expensive winter-blend gasoline on Sept. 15, AAA noted.

In-car technology important to buyers: study

Customers are increasingly picking what car or truck they buy based on its in-vehicle technology, according to a new J.D. Power report.

The 2015 U.S. Automotive Media and Marketing Report, released July 30, found 43 percent of premium brand customers and 28 percent of non-premium brand buyers cite their vehicle’s latest technology as one of the reasons they bought it. Among premium brands, Lincoln, Infiniti, Cadillac and Audi lead the way in tech features, while Mazda, Buick and Chrysler are the top tech-savvy non-premium brands.

Those buyers also spend more time on tablets and smartphones outside the car than buyers who don’t value in-car technology, the study found.

“It’s important that auto manufacturers promote the technological virtues of their vehicles to consumers via the media they consume,” Arianne Walker, senior director, automotive media & marketing at J.D. Power, said in a statement. “Targeting these technology seekers with the right messaging is critical to using marketing dollars efficiently to reach consumers who will actually buy new vehicles because of new technology.”

Other findings from the report:

• Drivers who cite advanced technology as a purchase reason spend an average of 33 hours a week watching television and list “The Walking Dead,” “The Big Bang Theory” and “The Voice” among their favorite shows.

• Technology-seeking drivers read an average of nine magazines, with high rates of reading magazines focused on wealth, science/technology and travel.

• Magazine readership has increased year over year, as new-vehicle buyers read an average of eight magazines in 2015 vs. seven in 2014.

• Nearly 70 percent of new-vehicle drivers access social media websites or apps. Facebook is the most popular social media site accessed by new-vehicle drivers, followed by LinkedIn and Pinterest.

The report surveyed more than 28,000 drivers.

Auto shows

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how attendance can translate into word of mouth influence and how likely it is for an individual display to lead to the purchase of a particular brand.

Chicago Auto Show visitors this year spent an average three hours 52 minutes at the show, about 22 minutes more than the national average. Ride-and-drive participants in Chicago added another 21 minutes to their visit, Fore-sight Research found.

The study of the country’s major and secondary auto shows confirms several key points, specifically that auto shows:

• attract, educate and motivate shoppers to visit new-car and -truck dealerships;

• generate action long after the conclusion of an auto show;

• provide deep engagement with vehicle brands and are pivotal to brand decisions for many buyers; and

• dovetail with digital marketing efforts as well as broadcast to assist consumers in their vehicle purchase decision.