



Volume 113, No. 2

January 18, 2016

Materials sent for 2016, Chicago Auto Show

Materials shipped Jan. 4 to all members of the Chicago Automobile Trade Association in good standing, to help them get through the coming year and to help publicize the Chicago Auto Show, Feb. 13-21 at McCormick Place. It's your show; please promote it.

Packages sent via United Parcel Service to dealer principals and company presidents include the following:

- 1 CATA-member 2016 window decal; and
- 1 form to photocopy to order free supplies of odometer statements, used-car buyer's guides, used-car limited warranty statements, and emission control equipment statements.

Also, to promote the 2016 Chicago Auto Show, the shipment includes:

- 4 Chicago Auto Show easel cards;
- 2 Chicago Auto Show posters
- 1 First Look for Charity poster;
- 2 Honored Guest tickets good for repeated admission throughout the auto show;
- 50 Employee Appreciation Day admission tickets, valid once Feb. 15-19; and
- 200 vouchers to offer customers and others for discounted admission to the show.

Don't forget to **purchase** additional admission tickets to the auto show as well as any First Look for Charity tickets.

Any member who has not already received the UPS shipment should notify the CATA. The shipments are traceable, to help resolve problems.

Political action committee renamed NADA PAC

Say goodbye to DEAC, hello to NADA PAC.

The National Automobile Dealers Association on Jan. 11 announced that its political action committee, formerly named the Dealers Election Action Committee, has been renamed NADA PAC.

As the third-largest trade association PAC by total contributions, NADA PAC has a long record of supporting members of Congress from both parties who recognize the importance of local dealerships to their communities, consumers, economies and constitu-

SEE **NADA**, PAGE 2

CATA building, access to forms to go dark Feb. 4-22 for auto show

The Chicago Automobile Trade Association building in Oakbrook Terrace will close Feb. 4 and reopen Feb. 23, while the staff moves temporarily to McCormick Place to produce the 2016 Chicago Auto Show.

Because the CATA building will be closed, association members must make a few adjustments:

Make sure any forms provided free

by the CATA — odometer statements, used-car buyer's guides, used-car limited warranty statements, and emission control equipment statements — by Feb. 1 to ensure that orders by be processed by Feb. 3.

Use of meeting rooms at the CATA



is suspended Feb. 4-22.

Calls to the CATA office during the auto show, which is open to the public Feb. 13-21, will automatically be forwarded to CATA staff at McCormick Place.

A preview of the coming auto show will appear in the next newsletter.

Illinois refines flood car policies

In the wake of recent heavy rain and subsequent flooding, dealers are advised to check all vehicles that they take as trade-ins against the National Insurance Crime Bureau database.

But while nearly one-quarter of Illinois counties, mostly in central and southern Illinois, have been issued disaster declarations by the state, the Secretary of State's office has agreed to limit its flood disclosure protocol to vehicles that were located in federally declared disaster areas; Natural Disaster Disclosure Statements will no longer be required for vehicles that were located in Illinois flood counties.

The NICB's VINCheck is a free service provided to the public to assist in determining if a vehicle has been reported as stolen, but not recovered, or if it has been reported as a salvage vehicle by cooperating NICB member insurance companies.

To perform a search, a vehicle identification number

(VIN) is required. A maximum of five searches can be conducted within a 24-hour period per IP address.

Vehicles which appear on the NICB database as known flood damaged vehicles must bear a "Flood" designation on the title. Important, vehicles which do not appear on the database but which were registered in a county that was declared a federal or state disaster area as a result of flooding also will receive a flood title designation unless accompanying paperwork includes a signed and notarized natural disaster disclosure statement.

The statement must be signed by the previous owner, who declares that the vehicle was not in a natural disaster area at the time of flooding or was not damaged by water.

Current federally declared disaster areas include ZIP codes in Texas, Oklahoma, South Carolina, Mississippi and Missouri.

Record new-vehicle sales in 2015

The United States saw a record 17.4 million light vehicles retailed in 2015, a jump of 5.8 percent from the year before. The average transaction was \$33,269.

That number is expected to rise to 17.7 million vehicles, or another 2 percent, in the 2016 calendar year. It would be the seventh-consecutive year of auto growth.

"We are living peak auto sales right now, and we will see one more year of that growth in 2016," Steve Szakaly, chief economist of the National Automobile Dealers Association, said in a news release. "But only because of rising incentives that will keep consumers coming into showrooms. The real worry now is whether we're starting to pull sales ahead from future years."

Schools await auto show 'adoption'

In dealers' efforts to promote community loyalty and goodwill, they no doubt have considered many possibilities. They also are well aware that today's high school students are tomorrow's automobile consumers.

That's why the Chicago Automobile Trade Association created the Adopt-A-School Program. What better way is there for a dealer to attract future consumers than to sponsor an auto show visit for students from the local high school?

And this year the Adopt-A-School program has been expanded. Dealers can show kindness to schools in their communities and to schools in communities that are underserved.

Adopted groups can obtain tickets at a discounted rate of \$7 each. The tickets can be used Monday-Friday, Feb. 15-19, and complimentary tickets will be provided for chaperones (1:10 ratio).

And thanks to the cooperation of Savor...Chicago at McCormick Place, student groups will receive discount coupons for food. New this year, pre-paid vouchers are available for \$7 lunches.

For further information and to adopt a school, call Donna Young, the Chicago Auto Show's group ticket sales coordinator, at (630) 424-6045 or dyoung@cata.info.

NADA

CONTINUED FROM PAGE 1

ents.

The change comes as part of a major corporate rebranding initiative that coincides with ongoing efforts to re-center the NADA around its core mission of advocating on behalf of the nation's 16,500 franchised new-car dealers.

As part of the rebrand, the dealer association refreshed its corporate logo to both deliver a modern look and to serve as the anchor for a cohesive aesthetic across all NADA communications platforms, including print, online, email, social media, advertisements, marketing materials, presentations, videos, signage, displays and NADA Convention materials.

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

The CATA Bulletin is distributed via blast email every other Friday except during the Chicago Auto Show, when it is not produced.

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
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

Millennials are buying cars after all

Many automakers had a record year in the U.S in 2015. That should lead one to question the conventional wisdom that millennials don't like to own cars.

After all, if the most numerous generation in the U.S. labor force isn't buying cars, who is?

The notion can be traced to "The Cheapest Generation," a 2012 article by Derek Thompson and Jordan Weissmann in *The Atlantic*. The idea went viral.

"Millennials have been reluctant to buy items such as cars, music and luxury goods," a recent Goldman Sachs presentation said. "Instead, they're turning to a new set of services that provide access to products without the burdens of ownership, giving rise to what's being called a 'sharing economy.'" Who needs a car when there's Uber and Zipcar?

The market research company J.D. Power has been making the opposite case. In 2014, it first reported that millennials had passed Generation X in new-car buying. Last

spring, J.D. Power said millennials' share of new vehicles bought had rocketed to 27 percent in 2014 from 18 percent in 2010.

This prompted some soul-searching from Thompson, one of the authors of the original theory, who admitted that millennials' demand for cars was growing quickly — but he still expressed doubt that this generation would buy as many cars as baby boomers.

The misleading part of this discussion is that the definitions of what constitutes a generation is slippery. To J.D. Power, millennials are those born between 1977 and 1994; another definition is 1982 through 2004. Then there's the question of what matters more: Is it that millennials are less enamored of cars than boomers, or that millennials are more numerous? Or is the question of generations even relevant? The car sales numbers may simply reflect the end of a recession and a growing number of people who are able to afford nice things.

One way to answer these questions is to use Consum-

er Expenditure Survey data from the Bureau of Labor Statistics. The 2014 numbers, released recently, show that people of all ages have grown much more frugal when it comes to buying cars.

In inflation-adjusted dollars, all active age groups are spending much less on new cars today than they did in the late 1980s. Yet they are spending about as much on used cars.

This pattern doesn't appear to be generational. People across the age spectrum generally have less money to spend on cars, and there are few obvious arguments in favor of new ones. Sales are breaking records simply because the U.S. population increased 29 percent between 1989 and 2014.

That doesn't mean the generational aspect isn't important. Small SUVs such as the Chevrolet Trax and Jeep Renegade sold especially well last year. AutoTrader.com reported that in picking cars, millennials "consider what they identify as 'practical' vehicles, yet they aspire to brands they describe as

'sophisticated,' 'innovative' and 'stylish.'"

Both that AutoTrader.com report and a recent one from J.D. Power suggest that Internet connectivity and other modern technology play a major part in millennials' car-purchasing decisions. They expect the same conveniences in their vehicles as in their living room.

The car industry doesn't face a steep drop in demand because of Millennials' love affair with the sharing economy. There are plenty of people in this huge cohort who want to own a car. One of the few reasons they'll pick a new model over a used one is tech that wasn't available on older models.

That means carmakers must make investments in alternative fuels and autonomous driving. They also should stake a position in the sharing economy, as General Motors did with Lyft, BMW with DriveNow and Daimler with car2go.

The perception that a brand is progressive goes a long way with the new buyers.

AIADA readies for 10th annual International Auto Industry Summit

The New Year promises to be a banner year for dealers, and their involvement in the American International Automobile Dealers Association is a critical part of ensuring that 2016's political and legislative actions help rather than hinder business for dealers.

AIADA President Cody Lusk said he hopes dealers make it a priority to attend the association's 10th annual In-

ternational Auto Industry Summit, May 10-11 in Washington, D.C.

The 2016 election is shaping up to be an important one for dealers, while legislators and policy makers in Washington, D.C., continue to pursue agendas that are often at odds with the ability of dealers to run successful businesses.

The summit is building a full program of engaging speakers, headlined by

Stanley McChrystal, former commander of U.S. and international forces in Afghanistan, who will provide his take on current events, leadership, and teamwork. He will be joined by political and legislative speakers, and AIADA and the Association of Global Automakers will unveil the results of this year's industry economic impact survey.

Register at www.aiada.org.

Charging falsified sales, Napleton sues FCA

Two dealerships in the Napleton Automotive Group filed a civil racketeering suit against FCA, alleging the company offered dealers large amounts of money to report unsold vehicles as sold.

The federal suit, filed Jan. 12, alleges, among other claims, that FCA conspired with certain dealers to inflate the automaker's monthly U.S. sales reports. The company has posted 69 consecutive monthly year-over-year gains after recovering from its U.S.-steered bankruptcy.

The suit, filed by Kevin Hyde, an assistant general counsel for the dealerships, alleges that dealers were paid to report the false sales on the last day of the sales month and then "back out" or unwind the sales the following business day "before the factory warranty on the vehicles could be processed and start to run."

FCA officials, the suit alleges, were aware of the false reporting of sales and rewarded local managers for hitting sales targets — even though the company knew the sales goals had only been met via false sales reports.

FCA allegedly directly benefited from the practice "as it results in the inflation of the number of year-over-year sales which, in turn, create the appearance that FCA's performance is better than, in reality, it actually is."

The suit charges that one of the automaker's business center managers at one point offered Edward Napleton \$20,000 "to falsely report the sales of 40 new vehicles" at the end of an unspecified month. The suit says the \$20,000 payment from FCA was to be disguised "as a co-op advertising credit to the dealer's account" so as not to trigger a sales audit and expose the practice.

Member-discounted tickets to 2016 auto show on sale now

Tickets and vouchers that admit the holder to the 2016 Chicago Auto Show free or at a reduced price can be ordered by CATA members using the order form posted at www.CATA.info.

The passes promote goodwill with customers and even can help persuade a prospect to close a deal. Two kinds of passes are available, General Admission ticket and Weekday Discount voucher. The former, which costs CATA members \$600 for 100 tickets, admits the holder to the auto show free, without a box-office wait. The Weekday Discount voucher costs members \$100 for 100.

Hispanics increasingly receptive to auto ads, marketers say

Hispanics are flexing their automotive buying power in the U.S., and marketers are taking note.

"Why Hispanic Americans Are the Most Receptive Audience for Automotive Marketers" was a topic last fall at the 10th annual J.D. Power Automotive Roundtable.

The ethnic group is growing in size, prominence and influence, say two chief marketing officers, Jacqueline Hernandez of NBCUniversal's Hispanic Enterprises and Content, and Jon Schulz of ad agency Viant.

About 56 million Hispanics make up almost 20 percent of the U.S. population. The number of them buying new cars increased from 10.9 percent in 2014 to 11.8

percent in 2015, according to Experian Automotive.

They are partial to Toyota, Ford, Chevrolet, Nissan and Honda, Hernandez said.

"Those are the expected brands," he said, "but there are also the unexpected, including Mercedes-Benz, Lexus and Audi."

To stay competitive, auto brands should pay attention to the ethnic group's specific needs and interests, the two CMOs recommend.

"Focus on the story, not just the product," Hernandez said. "Be authentic; you can't just repurpose creative."

Ads in Spanish and aimed at Hispanic audiences "do extremely well," she said. "Dubbed ads are less effective, but all aren't bad." The



dubs are dubs that look obvious.

"Hispanics are heavy on mobile," said Schulz, citing a Viant survey of smartphone and computer-tablet device use. "Hispanic vehicle shoppers are twice as likely to find mobile ads persuasive. And digital video plays a much greater role in brand consideration for them."

The survey showed 22

percent of mobile-related ads are most likely to persuade a Hispanic auto shopper to purchase compared with 8 percent for non-Hispanics.

Not just Hispanics are exposed to Hispanic advertising, Hernandez said. "About 14 percent of non-Hispanics live in areas where they are heavily exposed to the Hispanic culture. They're seeing Hispanic ads."