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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 dropdown menu to CATA-DealersEdge webinars.

Coming topics:

Thursday, March 22 at 12 p.m. CDT

“How to Measure Then Improve Your Customer Retention Performance” It is more true today than ever: It’s easier to keep the customers you already have than to find new ones all the time. And to be sure, improving Customer Retention is one of those elusive goals

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Auto show draws from near, afar

An encouraging sign of a broadening base of auto enthusiasts: nearly 10 percent of attendees at the 2012 Chicago Auto Show were marking their first visit to the show. Also, about 25 percent of all 2012 attendees live outside Chicagoland, according to a study conducted by Foresight Research.

The Michigan firm also found that 12-month purchase intenders populated the show in numbers more than three times greater than non 12-month intenders. The firm interviewed thousands of people at show and mailed surveys to more than 1,000 households in the Chicago metro area, to compare the data.

“The Foresight findings speak very well of the health and impact of our show,” said Dave Sloan, general manager of the Chicago Auto Show and president of the Chicago Automobile Trade Association.

“In just those initial pieces of data, we can see that our show has a broad appeal; that



it is a strong motivator for consumers to translate their McCormick Place visit into a visit to a dealership; and that our reach is far more than just the local population.

“When 25 percent of show-goers come from outside our area, it also speaks volumes about Chicago’s appeal as a tourism destination.”

Sloan added: “There’s no argument that ours is the preeminent U.S. auto show. No other show has the undisputed king of convention centers in McCormick Place, and our audience of potential customers is not tied to any particular brand. And from the manufacturer side, we’re the ‘neutral Geneva’ show of the United States, with no geographic ties to

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Auto show

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manufacturers.”

Foresight Research’s full study of the 2012 Chicago Auto Show will be finalized in a few months. Other initial data showed that

- About two-thirds of attendees visit every year or every other year
- Visitors spend an average 2.9 hours to 3.8 hours at the show, depending on ride-and-drive participation
- Attendees are more than twice as likely as general area residents to buy a new vehicle within three months
- Almost 75 attendees added a brand to their consideration list, as a result of their auto show visit
- Attendees are 10 times

Low interest rates, high resale values fuel auto leasing rebound

Leasing roared back to life last year, fed by an ideal — and unusual — combination of low interest rates and high trade-in values.

“I wasn’t really in the market for a new truck,” said Roger Cade, 58, who lives on a ranch outside Terrell, Texas. “But it made it possible for me to consider a vehicle that was \$10,000 more than the one I had previously.”

Leases also guarantee that dealers will get vehicles back in two or three years — lightly used late-model cars and trucks that they can put directly onto their lots.

“We will see more two- and three-year leases, and that means we’ll see more fresh cars returning off lease,” said

more likely than are general area residents who don’t attend to influence 16 or more people annually

“Sales numbers for our local dealers were strong before the show,” said Steve Foley Jr., chairman of the 2012 Chicago Auto Show.

“But the strong bounce we get every year from the show appears to be even stronger this year. From my conversations with other CATA directors, colleagues and friends in the business, the show performed its function exceedingly well—and they’re seeing results in their dealerships.

“That translates to more sales for the dealer and better deals for the consumer. It’s why this show has worked as well as it has for 111 years.”

Paul Taylor, chief economist of the National Automobile Dealers Association. “That’s good for the industry.”

Before the 2008 recession, when leasing nearly collapsed, it accounted for about one-fourth of new-vehicle sales in the U.S. and was a critical tool for automakers and dealers. Industry experts are predicting a rebound this year to 30 percent or higher.

One of leasing’s biggest attractions is that it typically offers lower monthly payments than a sale. Some analysts think the growth of leasing could help propel U.S. sales past 14 million this year.

Automakers sold 12.8 million vehicles last year.

Webinars

CONTINUED FROM PAGE 1

in the car business. But it’s no secret; if you can get your new- and used-car customers to use your service department, your chance of selling them their next new or used vehicle goes up dramatically, right along with your profits on service sales. Rick Knight is a Customer Retention expert who will show you exactly how one dealer overcame a subpar Customer Retention performance and raise first-year retention from 20 percent to more than 55 percent.

Thursday, March 29 at 12 p.m. CDT

“How to separate Myth and Misconception from the Reality of the Fair Labor Standards Act and Auto Dealerships” Dealership managers often have misguided ideas about what is legal under the FLSA - and coming changes and rising enforcement make understanding FLSA even more important.

Every dealership manager needs a refresher course in wage and hour regulations. Every manager! Presenter Luanne Peterpaul works with many dealers on related issues and often hears wrong-headed ideas like those listed below. Gain a much better idea where the line is between Myth and the Reality. Here are a few of the FLSA Myths that will be debunked:

- My dealership is small. The FLSA does not apply to me.
- The FLSA doesn’t apply to workers who get 1099s.
- I outsource with a Professional Employee Organization.
- Employees paid on salary aren’t covered by the FLSA.
- Our payroll company calculates the overtime pay, so I don’t have to worry.
- My sales staff is straight commission so I don’t have to pay overtime.
- I don’t have to pay overtime unless I authorize my employees to work the extra hours.
- My employees get comp time when we’re slow, so I don’t have to pay overtime.
- My employees are like family - they’d never sue.

Also learn about changes in overtime rules for Service Advisor effective this September.

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Review past editions dating to 1998 or search by subject at www.cata.info.

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Dealers support modern facilities but question case for factory programs

By MARK SCARPELLI

CHICAGO METRO NADA DIRECTOR

While new-car dealers see value in having clean and modern facilities, many have questions and, in a significant number of cases, are not convinced that the factory upgrades they are being asked to do will result in an increased return on investment, according to a new study by Glenn Mercer. “These programs – intended to encourage dealers to invest in store expansion, modernization and standardization – can place significant financial burdens on dealers, yet there is little hard evidence on the return of investment this spending might yield,” Mercer said.

In response to dealer concerns, the NADA last year commissioned the “Factory Image Programs” study to provide an objective, unbiased and neutral analysis of the various factors that drive the economics of facility programs. “The NADA research project brought all the various perspectives on this issue out into the open by speaking with a wide range of industry participants,” Mercer said. “Our goal was to open up a dialog in which all parties could discuss facility requirements on a more rational, informed and fact-driven footing.”

Based on numerous interviews and discussions with automaker executives and a diverse selection of dealers, recommendations were offered to both parties, such as working together to reduce some of the tensions that exist over the issues. The executive summary and full report are at www.nada.org/facilitystudy.

In other news . . .

- **Wholesale prices for used vehicles** up to 5 years old ticked up again in February, this time growing an average of \$225 or 1.4 percent compared to January, according to AuctionNet®, which tracks 80 percent of the nation’s auction transaction data. Prices have increased by 2.3 percent since the start of the year. At a segment and model year level, compact and mid-size car appreciation averaged 1 percent for the first half of February. Price growth for mid-size vans and large pickups and SUVs came in at just under 0.5 percent. Prices for other utility segments softened a bit in early February, down a modest 0.5 percent. Luxury car prices, averaging a decline of 1.3 percent, fell more than other segments, but depreciation was in line with normal seasonal movement.

Looking ahead, the NADA Used Car Guide predicts that used vehicle demand in 2012 will increase, supply will decrease and more credit will be available to facilitate sales, resulting in a used-vehicle price increase of 1.8 percent by year’s end on a seasonally adjusted basis. “We’re also estimating that used prices will peak in the April-May time period, which means consumers will find the spring and early summer months a great time to go shopping for a new or previously owned vehicle because that’s when trade-in prices will be at their highest,” says Jonathan Banks, senior analyst with the NADA Used Car Guide.

- Sales of small cars, SUVs and other light trucks will lead the way toward what Paul Taylor, NADA chief economist, predicts is a rebuilding year for the auto industry resulting in more

than **13.9 million new cars** and light trucks sold and leased in 2012. A return to better credit conditions, more generous incentives from manufacturers, and low interest rates all are credited for the turnaround in this year of economic recovery. “With the age of cars and trucks on the road today an average 11.1 years,” Taylor said, “many consumers feel they can no longer delay making a purchase of a new or newer vehicle.”

Here are five of the top reasons for Taylor’s upbeat forecast:

1. Pent-up consumer demand
2. Return to stabilized credit
3. An influx of options
4. The wild card: gasoline prices
5. Stabilizing home prices

- All of the NADA’s legal and regulatory webinars are **provided at no charge to members**. NADA University is committed to providing assistance to dealers’ efforts to meet legal and regulatory compliance requirements. The live and on-demand webinars are offered free, as a member benefit, beginning this month. The presentations include all past legal/regulatory webinars whose information is current.

In addition, dealers may extend their no-cost member benefit to their CPAs, attorneys and other contracted professionals with whom they work on compliance matters. Dealers can add those professionals as sponsored users within the dealership’s NADA U accounts, automatically providing complimentary access to member benefits. The legal/regulatory webinars are provided in addition to other NADA U member benefits.

Hot time, summer in the city

Summertime in Chicago means baseball, cookouts and car shows & cruise nights. DriveChicago.com has become the go-to listing for local car shows and cruise nights. The portal last year listed more than 100 local automotive events. We want to make sure we take care of our members who are hosting events. Please forward car show or cruise night events that you are hosting or sponsoring to mbilek@drivechicago.com, and the information will be posted on our local events page.

The 'engaging' aspect of social media

Dealers who still think getting engaged only means proposing on bended knee are missing a big part of social media today.

"Engaging means building a relationship that amuses and intrigues the consumer, such that he or she wants to participate in activities the dealer is promoting," says Kevin Woods, chief operating officer of Driven Solutions, a dealer-based social-media firm in Michigan.

To engage an audience, dealers are creating offbeat ads, staging fundraising pie-throwing events, sponsoring contests, and shooting in-house videos — and posting it all on websites such as Facebook.

Innovative dealers also use Internet chat platforms to communicate with customers, offer search engines to help consumers find online inventory and, less seriously, create cartoon characters based on the dealer principal. It works, say the dealers.

One study of consumers who intended to buy a car in the next 12 months found 40 percent of buyers use social media to research their new-vehicle purchase. And 84 percent of U.S. vehicle shoppers use Facebook in general.

"We are witnessing the evolution of the automotive purchase cycle," says Kevin Root of Dealer.com, which conducted one such study. "Dealers now have an opportunity to use social media as an integral part of their marketing mix and turn customers into loyalists and advocates."

But don't overwhelm people with waves of information, Woods warns.

"You want people to opt in, so don't blast them every day with stuff," he said. Present a compelling offer, and keep everything short and simple and friendly.

One text-messaging campaign offered free windshield wipers. The

public learned of the offer through social-media sites tailored to smartphones. It engendered customer interest and good will. And when 2,000 people went to the dealership to get the free wiper blades, many of them purchased oil changes and other services.

Social media presents opportunities for dealers to engage with and attract key online audiences, according to the Dealer.com study, which indicates 41 percent of Facebook users who were car-shopping saw a post that caused them to consider another brand or a model. Toward that goal, dealerships across the country are creating in-house video segments to draw attention to their inventory.

Shoppers who look at videos with vehicle listings on the Cars.com website spend an average 30 minutes a visit, nearly twice as long as auto shoppers who don't view a video, said Cars.com's Jack Simmons.

Because reputation management is vital, the people who oversee a dealership's social-media initiative should keep track of what others are saying about the store.

Social media and data-mining can help expand a dealer's sphere of influence far beyond its location, says Ken Smith, president and owner of Dave Smith Motors in Kellogg, Idaho, a city of 2,400 people. Yet his dealership sells cars well beyond its market, advertises on national Sirius-XM satellite radio and ranks No. 2 on the WardsAuto e-Dealer 100.

"Thanks to Google and the Internet, people know our name," said Smith, a second-generation dealer who makes extensive use of videos to highlight vehicle inventory.

His vibrant website includes travel information on the dealership's proximity to ski resorts, national forests and historic mining companies.

Defibrillators recalled

Because automated external defibrillators save lives, more and more dealerships are making AEDs available in their stores, according to CATA allied member ComplyNet Corporation.

However, the Food and Drug Administration has announced a recall of certain AEDs due to a defective component that could cause the unit to fail during a rescue attempt. The unit's self-test might not detect the impending component failure, the FDA reports.

The AEDs were made and sold last year between July 1 and Dec. 20. Affected models include:

- Powerheart 9300A, 9300E, 9300P, 9390A and 9390E
- CardioVive 92532 and 92533
- CardioLife 9200G and 9231
- GE Responder and Responder Pro
- Nihon-Kohden AEDs

The FDA advises customers to contact the manufacturers to return the devices for repair.

Odometer provision in Senate highway bill

Odometer disclosures could be made electronically, according to language in a two-year highway bill that passed the U.S. Senate 74-22 on March 14.

Included in the comprehensive bill was language (Sec. 31206) that directs the National Highway Traffic Safety Administration to issue regulations to prescribe procedures to allow odometer disclosures to be made electronically.

The National Automobile Dealers Association strongly supported the provision because many states want to create an electronic vehicle titling system. But according to the NHTSA, current law requires a "paper trail" for odometer disclosures. The NADA also worked to keep out of the bill provisions that would have required disclosing the VINs of vehicles advertised on the radio and mandating odometer statements for vehicles up to 24 years old.