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2016 Illinois DOC fee maximum is $169.27

The maximum amount that Illinois dealers can charge in 2016 for documentary preparation fees is $169.27, the Illinois attorney general's office announced Dec. 15.

The 84 cents increase over the 2015 maximum fee reflects a 0.5 percent rise in the federal Consumer Price Index for the 12-month period ending Nov. 30. The index is tracked by the U.S. Department of Labor. As always, the DOC fee is taxable and must be substantiated upon request by the attorney general's office.

The CATA is developing a poster about the DOC fee that dealer members can display. On the poster, the DOC fee amount is left blank for dealers to fill in; any amount up to the maximum allowed may be charged, but all customers should be charged the same amount. Systematically charging one group but not another — all males but no females, for instance — could bring charges of profiling.

Two copies of the poster will be mailed to dealers later this month. For limited additional copies, call the CATA at (630) 495-2282.

IMPORTANT: The new maximum fee cannot be charged before Jan. 1.

Dealer websites getting better: study

Dealer websites are getting better. And they're getting more car-shopper visits as a result, says a market researcher who tracks such online activity.

Visits to dealer websites have increased 73 percent in the past decade, a time during which those sites visually and functionally have improved, said Arianne Walker, J.D. Power's senior director-automotive media and marketing solutions.

At first, typical dealer websites were nothing more than electronic brochures with little or no functionality. Modern versions offer the likes of real-time inventory, pricing, trade-in estimators, credit scoring, photo galleries and videos.

"Dealer websites have become more robust and easier to navigate," said Walker, adding that 83 percent of new-car buyers go to them before visiting a dealership itself.

Consumers go to various websites during their online car shopping. They mainly use third-party sites for reviews and product information, then go to dealer sites for pricing, inventory information, and any potential specials and incentives, according to J.D. Power.

Good dealership website content is in synch with the content and brand messages of respective automakers' websites. But strong dealer

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Auto industry may feel most heat from Federal Reserve rate hike

Outside of banks, autos arguably are the most rate-dependent business. So the Federal Reserve's Dec. 16 move to hike its benchmark short-term interest rate will have the auto industry closely watching what the move will do to sales that are likely to top 17 million this year for the first time since the Great Recession.

Fed policymakers have stressed they intend to nudge up rates gradually and in small increments, and will pull back if the economy falters, tempering the impact on consumers and businesses.

"(Low rates) definitely have been a factor in people's buying decisions," said Mark Scarpelli, president of Raymond Chevrolet and Kia in Antioch and the incoming 2016 vice chairman of the National Automobile Dealers Association. Auto loans have been cheap, with rates ranging from zero percent with manufacturers' incentives to 3

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Study: Nearly 9 of 10 used-car shoppers willing to consider CPO vehicle

An overwhelming majority of used car shoppers say that they would be willing to pay more for a certified pre-owned vehicle, according to the results of a survey released Dec. 9 by Edmunds.com.

The findings come at a time when CPO sales are at their highest all-time levels, and are expected by Edmunds analysts to continue to grow in the coming year.

According to the survey, 88 percent of the 2,017 adults polled said that if they were to consider a used car, they would be willing to pay more for a certified pre-owned vehicle. Among these potential CPO shoppers, 37.8 percent said that they would spend up to an additional $1,000 for the benefits of a CPO vehicle, while an additional 36.9 percent said that they would be willing to spend up to $500 more.

While programs can vary from manufacturer to manufacturer, a certified pre-owned vehicle is generally defined as a used vehicle that has undergone a minimum 100-point inspection in which any mechanical and body issues are addressed.

The vehicles also are generally accompanied by a manufacturer-backed warranty and may include other benefits such as free maintenance, 24/7 roadside assistance and low-APR financing. These CPO benefits come at an added cost that typically is baked into the price of the vehicle. Edmunds.com data estimates that CPO vehicles are $1,400 more expensive, on average, than similar non-CPO vehicles.

"More and more shoppers are opening their eyes to the benefits of certified pre-owned vehicles," said Jessica Caldwell, the director of industry analysis for Edmunds. "These cars offer a unique value proposition to shoppers who want to pay used-car prices but demand the peace of mind that comes with a new-car purchase.

"And while CPO used to be associated only with expensive luxury brands, we've seen every mainstream brand get into the game in recent years. With more near-new cars coming off lease and making up a larger chunk of used-car supply, shoppers can expect even more CPO vehicles on dealer lots in the coming months and years."

According to Edmunds.com's Q3 2015 Used-Vehicle Market Report published Dec. 9, certified pre-owned cars accounted for nearly 22 percent of used-car purchases at franchise dealerships from July through September. That is the largest CPO share of any third quarter, and an increase from 18.4 percent of all franchise used-car transactions in Q3 2010.

The holiday season is an especially strong time for CPO sales. Edmunds analysts found that in seven of the last eight years, December delivered a higher share of CPO sales than in any other month. Last December, CPO sales made up an estimated 24 percent of franchise used car sales, the second highest share for any single month on record (behind the 25 percent share registered in May 2015).

Late last month, Edmunds.com editors named Hyundai as the automaker with the best current CPO program, thanks in large part to its 10-year powertrain warranty. Shoppers can see Edmunds' picks for the "Ten Best Certified Pre-Owned Programs" at http://www.edmunds.com/car-buying/10-best-certified-pre-owned-car-programs.html.

Edmunds.com's survey of consumer attitudes toward CPO and other car shopping trends was conducted in November 2015 by market research firm Instantly, Inc. The online survey included responses from a sample of 2,017 adults ages 18 and older, representative of income and geographic distribution across the United States.

Websites

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sites also stand out on their own.

"The one thing you have control over is your own website," Walker said. "It's important to continue developing those."

About a quarter of consumers who visit a dealer's website also visit an automaker's. "But that means three-quarters aren't," Walker said, and she urges automakers to, among other things, post information about certified-pre-owned vehicles.

Consumers are spending more time online shopping for cars, J.D. Power reports. In 2005, they spent five hours doing that. Now, they're up to 13.5 hours.

More and more of them use smartphones and computer tablets to shop. That activity has nearly doubled in recent years. But online car shoppers still widely use traditional computers.

"Ninety-three percent of new-car buyers use PCs in the shopping process," Walker said.

"Yes, they'll use them in conjunction with mobile devices."

At home, shoppers tend to turn to the PC, she said. "Often, they are using what's handy."

Away from home is when they reach for their mobile devices. That occurs at various locations, including the dealership.

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Commentary: A season of thanks

By Bill Fox
2015 NADA Chairman

Though the nation's franchised dealers have faced monumental challenges this year, we are in the season of thanks. So let's reflect and be thankful for the great things that are happening in our industry.

The NADA is proud to announce that employment and employee salaries at new-car dealerships are on the rise. The association's latest Dealership Workforce Study showed that employee compensation and productivity at new-car dealerships increased across all job positions in 2014.

As a result, the dealer business is now responsible for employing more than 1 million people across the country and throughout thousands of local communities. In 2014, the median weekly income for all employees at dealerships increased to more than $1,000. Data from the Bureau of Labor Statistics showed that, on average, dealership employees earned nearly 29 percent more than other employees in the private-sector workforce.

Dealers are proud to be local businesses in the heart of communities. They are proud to offer well-paying jobs that continue to outpace average U.S. wages; and as the data shows, these are some of the best-paying jobs available. We are proud to be part of an industry that is so important to the growth of the U.S. economy, local job growth, and stable employment opportunities following a painful recession. So it's no surprise that we have such a bright forecast for next year.

The NADA forecasts 17.7 million new-vehicle sales for next year! Moderate wage growth, declining gasoline prices, and continued low interest rates on auto loans will drive new-car and light-truck sales even higher. And 2016 will mark the seventh straight year of increasing U.S. new-vehicle sales.

In addition to the national and regional data on dealership compensation, the Workforce Study found that dealership productivity increased 3.4 percent, to more than $8,000 a month per employee in 2014. In other words, as compensation increased, employee productive and talent increased as well. And due to exploding recalls and demand in warranty and other repairs, the number of dealerships open on Sunday increased to 41 percent in 2014.

The NADA is thankful for the hard work, passion, and legacy of its 17,000-plus strong dealer network. We are thankful for an excellent 2015, in which dealers are expected to sell 17.3 million new cars and light trucks by the end of this year; medium- and heavy-duty trucks take the total number of vehicles to nearly 17.8 million.

We are thankful for all the times these hard-working men and women have stepped up to the plate when they were needed most — whether in their local neighborhoods or in the nation's capital. And it was this relentless spirit that led to a victory in the House of Representatives on Nov. 18.

Democrats and Republicans joined forces in the U.S. House of Representatives that day to overwhelmingly pass legislation to protect consumers by bringing transparency and accountability to the Consumer Financial Protection Bureau's regulation of the auto finance market. House Resolution 1737, named the Reforming CFPB Indirect Auto Financing Guidance Act and introduced by Reps. Frank Guinta (R-N.H.) and Ed Perlmutter (D-Colo.), passed by a 332-96 vote.

The NADA is thankful for its dealer network, its partner and allies, and all those who have worked so hard to this point so that we can preserve a successful model that serves the traveling public.

Most of all, we're thankful for the opportunity to serve our customers in one of the greatest American enterprises in history.

On behalf of the NADA, we wish you, your employees, and families a very happy and healthy holiday season!

Marketplace

Controller Strong candidate with more than 30 years in the automotive industry, including 2 years as Controller and 25 years in fixed operations; plus more than 13 years in public accounting, working with various dealerships and providing assurance and tax services. Jim Kegl, (815) 354-6374.

Résumé on file at the CATA.

CATA holiday closings

The office of the Chicago Automobile Trade Association will close Thursday, Dec. 24 and Friday, Dec. 25 to mark the Christmas holiday; and Thursday, Dec. 31 (afternoon) and Friday, Jan. 1 for New Year's Day.

The CATA board of directors and staff wish all our members and their families a happy and prosperous 2016!

Odometer rollbacks making a comeback

Odometer rollbacks, one of the oldest car scams and something that can give fits to car buyers and sellers, are occurring at an alarming rate, Boston television station WBZ-TV reports.

In fact, data from Carfax suggests there are more than 1 million vehicles in operation across the country with a potential odometer rollback, and 200,000 new cases of this fraud happen every year.

Part of the problem is the myth that digital odometers cannot be compromised as easily as the old analog versions.

But there are dozens of online videos demonstrating how a simple device, available online, can plug right into the car's computer and instantly turn back the odometer.

In the United States a vehicle's history and odometer reading can be checked free at www.vehiclehistory.gov, a nonprofit organization established by an act of Congress.

China betting $15 billion on electric vehicles

Chinese President Xi Jinping has designated electric vehicles as a strategic initiative in a bid to upgrade the auto industry and create challengers to Toyota Motor Corp. and General Motors Co. The government is increasing spending after signs that the combination of research grants, consumer subsidies and infrastructure investments is starting to yield results.

New-energy vehicle production surged fourfold to 279,200 units in the first 11 months this year, even as oil traded near levels last seen during the global financial crisis.

The Chinese government is not alone in setting aggressive targets for alternative-energy transportation. President Barack Obama in 2011 called for 1 million electrified vehicles in the U.S. by 2015, a target that the administration scaled back in March.

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 and admits the holder for $7 during the week.

Regular admission is $12. A minimum 100 passes must be ordered with either order.

Rates

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percent or so for typical five-year loans, he said.

But Scarpelli said the improving economy and job market, low gasoline prices, and consumers' need to replace aging vehicles are more significant. The typical car on the road is more than 11 years old, a record high, according to IHS Automotive. Scarpelli said his sales are up 25 percent this year.

"Consumers are responding to the need to replace their car or truck," he said.

The Fed's decision to raise interest rates for the first time since June 2006 is akin to a doctor's decision that a patient is well enough to be gradually taken off medication. In other words, the Fed thinks the economy is finally healthy enough that borrowing costs should return to more "normal" levels to help keep future inflation from accelerating too much.

But it is a moment with challenges. It could send markets into a tizzy (if past experience is any guide), lead to slower economic recovery and make it harder for workers to press for higher wages. For savers, it could signal higher returns, but those borrowing to buy a house or a car may have to pay more.

Nearly seven years ago, the Fed put its benchmark interest rate close to zero as a way to bolster the economy. And for months, officials have said they might raise rates by the end of 2015.

Still, while the economy has rebounded, certain aspects of the recovery—like the housing sector, work force participation, and hourly wages—are spotty at best.

Charles Evans, president of the Federal Reserve Bank of Chicago, who previously opposed a rate increase this year, on Oct. 12 said "the precise timing for the first increase in the federal funds rate is less important to me than the path the funds rate will follow over the entire policy normalization process." He, like other Fed officials, stressed the need for a very gradual increase in rates.

Janet Yellen, the Fed chairwoman, and other Fed officials went out of their way to provide plenty of advance warning of the rate increase. Yellen said that when the Fed finally acted, she wanted to make sure investors saw it coming, so as not to shake the stock market.

Scarpelli said slightly higher rates "don't seem to make people walk away from a deal. … It will have a measured impact," largely by prodding some consumers to buy less expensive vehicles. He expects higher rates to trim sales by less than 1 percent in one year and up to 2 percent in two years.