



CATA's all-new Dealer Strategy Summit is May 14

Join dozens of dealership owners and managers at the CATA May 14 for an all-new Dealer Strategy Summit three-fer: a chance to meet with the CATA's Approved Member Partners and Recommended Consultants; a boot camp to help dealers prepare for the July 13 Barbecue for the Troops, a fundraiser for the USO of Illinois; and a digital and social media marketing seminar led by a top Facebook employee.

Attendance is complimentary.

Adam Pavkov, a client partner on Facebook's automotive Global Sales team, will share effective advertising solutions for the retail auto industry. Pavkov will review effective digital video tips and how to

enhance the dealership's digital sales process in the BDC.

The mini conference will begin with a keynote breakfast led by Facebook, and will wrap up with a USO "BBQ Boot Camp" Barbecue Lunch and fundraiser promotional materials collection, for dealerships hosting a fundraiser.

There are lots of ways to raise funds, such as via car washes and food concessions; an on-demand DJ, with donations made for song requests; and social media



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Fore!

Annual CATA golf outing June 11 in Lemont

Join fellow members of the Chicago Automobile Trade Association on June 11 for the CATA's annual meeting and golf outing at Cog Hill Golf & Country Club in Lemont.

Camaraderie abounds at the daylong golf affair; and the dinner meeting, at which the board of director election results are announced, offers good networking opportunities.

A full-day ticket — which includes green fees, cart, use of the club driving range, lunch, beverages at sponsored locations, entry in a putting contest, dinner and a gift — costs \$95 each for dealer members and \$125 each for allied members. A dinner-only ticket is \$75.

Allied members who host a CATA dealer in a foursome can buy that dealer's ticket for \$95, and allied members

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Dealers take 'Don't Tax My Ride' credo to Capitol

Carrying the message that the U.S. auto industry is united against Section 232 auto tariffs, hundreds of dealers and their auto industry allies stormed Capitol Hill April 9 and 10 at the American International Automobile Dealers Association's 2019 Tariff Fly-In.

In a whirlwind 24 hours, the dealers met with congressional offices from 32 states and members of

both the House and Senate Leadership with their united message: Auto tariffs would make purchasing a vehicle more expensive for consumers.

The AIADA noted that if 25 percent tariffs are implemented, consumers would spend \$73 billion more in taxes; sales would decrease by up to 2 million new vehicles annually; and more than 700,000 total U.S. jobs

would be lost, including up to 117,500 at new-vehicle dealerships;

While in Washington, dealers also heard from political movers and shakers, including former House Speaker Newt Gingrich and current House Republican Leader Kevin McCarthy, about the importance of advocating for their businesses.

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As rates rise, consumers push for affordable vehicle payments

Average loan rates for new-vehicle financing stood at 6.55 percent through April 1, which is 66 basis points higher than last year, Cox Automotive found. The average rate for a used-vehicle loan came in at 10.84 percent, 63 basis points higher than a year ago. The trends are causing payments to grow even faster.

Through March, according to Cox, average new-model monthly payments climbed 3.4 percent to \$567, while average lease payments rose 2.7 percent to \$500. While not rising as much, average used-vehicle payments still ticked up about 1 percent, to \$414.

The rate information is likely bound to frustrate consumers, dealerships and finance companies.

Low monthly payments and reliability are driving automobile purchasing and leasing decisions among adults, according to a new PenFed Auto Financing Survey. The national survey conducted by Morning Consult focuses on financing priorities, buying preferences and car buying services.

“As auto industry trends push the limits of affordability, it’s no surprise that consumers prioritize a low monthly payment when making a new buy or lease decision,” said Ivan McBride, vice president of auto lending product sales

at PenFed Credit Union, which claims to be America’s second-largest federal credit union and serving 1.7 million members worldwide with \$25 billion in assets.

The PenFed Auto Financing Survey was conducted March 26-29 among a national sample of 2,201 adults. The interviews were conducted online, and the data weighted to approximate a target sample of adults based on age, race/ethnicity, gender, educational attainment and region.

Key survey findings included:

- Almost half of adults (46 percent) rank monthly payments as the most important element of auto financing.

- Most adults (58 percent) who prefer to lease an automobile do so for a lower monthly payment.

- Forty-one percent of adults surveyed say the reliability of their current automobile is the biggest factor leading to their decision to purchase or lease a new vehicle. Three in four adults say a vehicle’s reliability (75 percent) and price (73 percent) factor into their decision to buy or lease a specific model.

- Most adults prefer to finance vehicle through credit unions (25 percent), over banks (20 percent) and dealerships (16 percent).

- Forty-one percent of adults would consider using a car buying service.

‘Opportunity’ abundant in CPO, but there’s a ‘learning curve’ for consumers: Edmunds report

In the “Used Vehicle Outlook” report from Edmunds is a graph with Google Trends data showing relative search interest for certified pre-owned vehicles since 2013.

While there have been ebbs and flows throughout the past six years, the general trend line has been a gradual climb in CPO relative search interest, according to the Google Trends data shared by Edmunds in the report.

But while interest in CPO itself is up, it doesn’t appear familiarity has quite gotten there yet.

For example, CPO car shoppers on the Edmunds platform viewed these pages the most, the company said:

- “What Are Certified Pre-Owned Vehicles?”

- “Certified Pre-Owned Cars vs. Used Cars with Extended Warranties.”

In its report, Edmunds said: “We’ve seen growing interest in certified pre-owned vehicles, but there is a need to educate consumers, as many are unfamiliar with the benefits of CPO vehicles

and their differentiation from the rest of the used-vehicle market.”

Of course, that could present a big opportunity for the industry.

“Many shoppers are unaware of the benefits of CPO vehicle programs, but given the tough financial conditions in the new market, it’s never been a better time to look into them,” said Ivan Drury, Edmunds’ senior manager of industry analysis, in a news release accompanying the report.

“Between more affordable prices, the assurance of an automaker warranty, and lower interest rates, CPO vehicles give car shoppers a way to enjoy many of the benefits of a new car and minimize many of the risks of buying a used car.”

There were 2.70 million CPO sales last year, according to Edmunds, among the 11.88 million used cars sold by franchised dealers.

“Certified pre-owned vehicles represent a small percentage of franchise used

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NADA, Junior Achievement work to prepare next generation

By LAURA GOODMAN
VP OF VOLUNTEER ENGAGEMENT
JUNIOR ACHIEVEMENT USA

What if we told you there was a way you could inspire and prepare the next generation of your customers and employees?

Meet Junior Achievement.

The National Automobile Dealers Association and the NADA Women Directors connected with Junior Achievement USA in 2017 through engaging automobile dealers as JA volunteers to build financially literate customers and communities. Given JA's focus on providing financial literacy programs to students in kindergarten to 12th grade, the NADA embraced the relationship as a way to mobilize the dealer member network for a greater local impact.

What began as a small organic initiative has turned into a relationship that continues to build momentum, evident by the engagement in the 2017-18 school year, which included more than 375 NADA members who served as JA volunteers contributing over 2,250

volunteer hours that impacted 3,020 students in 122 classrooms and experiences across the USA.

"Through JA, I have had the opportunity to provide financially focused curriculum to students in our local school district in Cuyahoga Falls, Ohio," said NADA Board Member Michelle Primm, of Cascade Auto Group. "Junior Achievement makes it easy with their "meeting in a box" materials, allowing for a rewarding volunteer experience that fits in with my busy schedule."

Local Junior Achievement staff work closely with volunteers and educators to identify the ideal JA experience for volunteers. Local JA area staff also provide hands-on volunteer training, JA program materials, and access to resources as well as ongoing support to JA volunteers throughout the duration of the experience. Volunteer experiences range from one hour to multi-hour and one day to multi-visit programs.

In addition to attracting support from NADA members, Junior Achievement USA has established strong relationships with original equipment manufacturers such

as: Daimler AG, Ford Motor Co., General Motors, American Honda Finance Corporation, and Toyota Motor Co., who all contribute countless volunteers, service hours, and support to JA.

The NADA Financial Literacy Program was officially launched in January 2017 during the NADA's 100th Annual Convention in New Orleans. Since then, Junior Achievement has been featured at NADA Legislative Conferences, NADA Shows in 2017 and 2018, as well as in numerous NADA communications.

Junior Achievement considers it an honor and a privilege to continue our relationship with NADA members across the USA. The opportunity to impact local communities and reach future customers by volunteering for JA is endless and your industry is well positioned to influence young people with JA's hands-on and experiential learning programs and experiences focused on financial literacy, work readiness, and entrepreneurship.

To connect with the local JA area office, contact Laura.Goodman@ja.org

CPO

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sales, but the opportunity to offer CPO vehicles to buyers priced out of the new-vehicle market will be important to dealers as well as automakers," the company said in the report. "While consumer interest in CPO programs is mounting, consumers face a learning curve on the benefits and drawbacks of certified vehicles."

As for the most recently completed month, Cox Au-

tomotive reported in the April 8 Auto Market Weekly Summary that there was a 3 percent year-over-year increase in CPO sales during March.

There was a 1.7 percent dip in overall used-car sales during the month, Cox Automotive estimated in the latest Manheim Used Vehicle Value Index report.

The seasonally adjusted annual rate for used-car sales was an estimated 39.0 million, compared to 39.4 million in February and 39.7

million in March 2018.

"Three-year-old vehicles had four straight weeks of price gains in March, which offset the price declines we saw in January and February," Cox Automotive chief Jonathan Smoke said in a news release accompanying the index. "Used-vehicle prices are starting to experience the annual spring bounce, which is a positive indicator that demand is growing in the market.

"Affordability concerns, namely increased new-ve-

hicle prices and loan rates, continue to shrink the pool of consumers able to purchase a new vehicle and lead to greater strength in the used market."

The annualized rate of used-car sales in March was more than 39.5 million, beating year-ago figures by roughly 200,000 units, Cox Automotive manager of economic and industry insights Zo Rahim said during a March 28 conference call on Cox Automotive's Q1 Market Review.

What will be effects of shrinking sedan inventory?

The butterfly effect is the idea that what seems like a small change in a system can lead to larger and sometimes completely unexpected results. Today, the auto industry is experiencing an imbalance in inventory because OEMs are pulling back production on sedans to build more trucks and SUVs.

How might the butterfly effect play out when it comes to the dramatic recent decline in sedan manufacturing and sales? Certain aspects of this rapid reduction in the percentage of sedans on the road could lead to outcomes that may be unpredictable and surprising.

Used-Vehicle Prices If (or, really, when) fuel prices rise, it's conceivable that fuel-efficient compact and midsize sedans will become more coveted. And if the economy experiences a downturn, there could be more consumers who simply can't afford new or even used larger vehicles — heightening demand for used sedans and driving up prices.

Or, is it the opposite? One industry analyst said recently that sedans already are depreciating heavily, which will likely trigger lower resale prices a few years down the road. As sedans fall further out of favor, will consumers abandon them completely?

Automaker Profits What happens if some unknown factor — skyrocketing oil prices, a new political administration committed to stringent fuel mileage standards, or even something as random as a consumer fad or celebrity boost — makes small cars attractive to the market again?

If U.S. automakers have dismantled their production apparatus, will they lose the market share they've gained with trucks and SUVs? Or will current trends continue to prove their decision to forgo sedans a wise prognostication?

Safety While pickups and SUVs are safer in multiple-vehicle crashes, proportionally they are more likely than cars to be in fatal single-vehicle crashes. Additionally, as the proportion of SUVs to cars on the road has increased, so have pedestrian deaths.

Might SUV buyers clamor loud enough for collision-warning systems and other safety features that could make switching to larger vehicles have the opposite effect and increase overall safety?

Analysts, advisors, and actuaries do their best to predict the unpredictable, but life often has its own ideas and moves in a different direction. What will be the eventual “butterfly effect” result of today's decisions about sedans? Time will tell.

Marketplace

Controller 30-time recipient of Ford-Lincoln-Mercury District Business Manager Award. A Pilot dealer for the FDCS system 6000, recently handled installation of FDCS system 7000. Manage staff of 12, expert in cost reduction. Donald Raimondi, (847) 804-4734.

Golf

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who sponsor an element of the outing can buy tickets to play for \$95.

The outing features many potential prizes, adding to the excitement. Get full details at www.cata.info.

Summit

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donations to the dealership's Facebook, Twitter, LinkedIn and similar accounts.

Last summer, a record 115 area new-car dealerships raised a combined \$157,000 during July fundraisers for the USO of Illinois, and Turtle Wax donated an additional \$25,000 toward the Barbecue for the Troops campaign.

The \$182,000 collected from the campaign helped the USO of Illinois serve more than 325,000 active duty, guard and reserve military and military family members annually through three program areas including USO centers, military family programs and community connection programs.

Tariffs

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Cody Lusk, the AIADA president, congratulated all the dealers in attendance at the Fly-In for their participation and commitment to remaining engaged with their lawmakers. “I appreciate every single one of you in the room tonight — because you are the dealers, and the manufacturers, and the industry reps who truly get it,” he told them.

“You know that you can't just choose to stay away from politics because it's a messy business. You understand that politicians are deeply involved in YOUR business, and it's crucial that you have a say in their decisions.”

Erin Kerrigan, managing director of Kerrigan Advisors, a leading sell-side advisor to U.S. auto dealers, kicked off the Fly-In with an insightful analysis of the dealership buy/sell market.

Her remarks were followed by a reception and then a dinner featuring a presentation on machine learning and its application for dealer advertising from Google's senior automotive retail strategist, Kelly McNearney. Gingrich delivered the keynote address.