



CATA Bulletin

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CATA's AYES efforts gain momentum with new area manager

Jim Butcher embarked last week as the Automotive Youth Educational Systems manager for the Chicago area. The position is funded in part by the Chicago Automobile Trade Association, where Butcher can be reached at 630-424-6020.

The AYES program builds partnerships between dealerships and high schools with automotive service technology curricula. The mission is to create a pipeline of future technicians.

Butcher's initial directive is to enlist more area dealerships in the program. Just half of the 60 AYES students at four local high

schools were placed for year-long student technician internships that began last month. The 25 area new-car dealerships that take part in AYES rate the program highly, said Butcher. His challenge is to educate more dealers about the program's benefits.

Butcher spent the last 11 years as an instructor at the Technology Center of DuPage, a technician magnet school in Addison and one of the five AYES high schools in the area the CATA serves. He previously worked five years as an automotive technician.

"I think Jim's a perfect fit



Jim Butcher

for the connections we need this role to make," said Terry D'Arcy, a CATA director who interviewed candidates for the position. "He has a thorough understanding,

having worked in every area—at a technical school and as a technician at a dealership."

D'Arcy said: "Many dealers have no idea how to cultivate new technicians. With AYES, it's just a matter of educating dealers. And with the average age of the area's technicians, hundreds will be retiring in the next five to eight years."

Since AYES debuted locally in 1999, Butcher said the program "is moving forward, but it's been at the expense of the (high school) instructors. They've had to make the dealership visits,

SEE AYES, PAGE 4

Blizzard of faxed ads costs O'Fallon, Ill., dealer \$6.5 million in fines

An Illinois new-car dealership agreed July 10 to pay up to \$6.5 million to settle claims against it in a class action suit over advertisements the dealership faxed to more than 33,000 local phone numbers in early 2001.

While junk e-mail is pervasive, junk faxes are illegal under federal law.

If a judge approves the settlement after a September hearing, individual consumers can claim as much as \$500 for each advertisement they received,

the standard penalty under the federal Telephone Consumer Protection Act.

Newbold Toyota-BMW of O'Fallon, Ill., a St. Louis suburb, faxed advertising to more than 33,000 businesses and people in the 314 and 636 area codes over a four-week period.

Notice of the settlement was sent—by fax, of course—to the telephone numbers turned over by the company that did the faxing for the dealership. Not everyone is likely to file a claim.

Attorney Steven Katz, who filed the class action suit, said the \$6.5 million amount represents the cap on the dealer's insurance coverage. Reporters for the St. Louis Post-Dispatch could not reach representatives of Newbold Toyota-BMW for comment.

Katz said the dealership's owners did not know the practice was illegal when they hired their advertising company. Under the proposed settlement, the dealership admits no wrongdoing.

Saturn takes top honors in CSI with dealer service: J.D. Power study

For the first time since 1986, a non-luxury nameplate—Saturn—ranks highest in customer satisfaction with dealer service, according to a J.D. Power and Associates study released July 10.

The 2002 Customer Service Index Study indicates Saturn's strength lies in its strong performance on routine maintenance, where it earns the highest score in the study, significantly above all other makes, luxury or non-luxury. Nearly two-thirds of Saturn service is routine maintenance-related; the industry average is 55 percent.

"The overall strength of Saturn's customer satisfaction is a result of 'white glove' treatment, with easy service appointments, friendly interaction with service personnel and a strong emphasis on consideration for the timely treatment of customers," said John Harbicht of J.D. Power. "Saturn owners are intensely loyal to their dealers."

The study indicates that 77 percent of spending on routine service and repair by Saturn owners is conducted at the dealership—much higher than the non-luxury average of 64 percent. While less than half of non-luxury owners intend to return to their dealers for customer-paid work, 61 percent of Saturn owners intend to do so.

With marked improvement in service facility ratings compared to 2001, Infiniti follows Saturn in the ranking. Infiniti customers rate their routine maintenance and repair service exceptionally well.

After securing the top position in CSI for the past five years (and nine of the previous 11 years), Lexus ranks third in 2002.

"Although Lexus is not the top-ranked brand this year, its service quality evaluations and the ability to fix vehicles right the first time continue to be hallmarks of Lexus service," said Harbicht.

With steady product quality improvements throughout the automotive industry, customers are visiting dealer service departments with fewer repairs needed. The reported mix of maintenance and repair events for the industry is now at 55 percent for routine maintenance and 45 percent for repairs—an 8 percentage-point shift since 1999, when the industry average was 47 percent maintenance and 53 percent repair.

Quality improvements also contribute to an industry trend of dealerships increasingly fixing vehicles right the first time. In 1990, only two-thirds of consumers said their repairs were resolved on the first visit. In 2002, that percentage has

"Saturn owners are intensely loyal to their dealers."

John Harbicht, J.D. Power and Associates

jumped to 85 percent. Much of this can be attributed to vehicle quality improvements, less difficult repairs and improved service processes designed by manufacturers.

Recalls

The study shows that even when recalls are necessary, they're not always perceived as negative experiences by consumers. Not only are customer-reported incidences of recalls down from 21 percent in 2001 to 18 percent in 2002, but product recalls don't necessarily result in an erosion of customer satisfaction.

"When handled properly, we're seeing that dealers can turn a recall into a positive experience that highlights good customer service," said Harbicht. "When parts are readily available for the recall repair, customers can easily get a service appointment and the work is done in a timely fashion, CSI scores do not suffer. In fact, customers often have maintenance work performed during the recall visit, resulting in additional service dollars to the dealership."

Top 10 CSI Rank for 2002

1	Saturn	900
2	Infiniti	897
3	Lexus	894
4	Cadillac	890
5	Volvo	883
6	Buick	882
7	Acura	881
8	Saab	875
9	BMW	873
10	Lincoln	868
10	Oldsmobile (tie)	868
	Industry avg.	843

J.D. Power and Associates

Free Maintenance Programs

There is an ever-increasing trend among luxury-vehicle manufacturers to offer free maintenance programs. Customer-reported free maintenance for luxury makes has risen to 38 percent in 2002, up from 28 percent in 2001. Superior treatment of these customers during the warranty can result in higher post-warranty service retention. Seventy-five percent of luxury-vehicle owners who benefit from free maintenance say they would return to the dealership for routine maintenance after their warranties expired, and 80 percent would return for repairs.

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Review past editions at <http://cata.drivechicago.com/>

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Amoco ads not fraudulent: state high court

The Illinois Supreme Court recently ruled in favor of Amoco Oil Co. in a lawsuit that attacked a series of Amoco advertisements about its premium grade gasoline. The CATA supported Amoco in its litigation.

A class action suit charged that Amoco violated Section 2 of the Illinois Consumer Fraud and Deceptive Business Practices Act by falsely representing in a series of ads that use of its premium gasoline would improve engine performance and benefit the environment.

Amoco, the suit alleged, increased demand for its premium gas, which enabled it to “command an inflated and otherwise unsustainable price” for the grade. As a result, all purchasers of Amoco’s premium gasoline allegedly were injured, “irrespective of whether they did or did not see or hear the specific advertisement and marketing materials in question.”

The CATA filed an amicus curia brief in the case, *Oliveira vs. Amoco Oil Co.*, supporting Amoco’s conten-

tion that Oliveira’s “marketing theory” of causation was a legally insufficient statement of proximate causation.

The Illinois high court upheld Amoco’s contention, noting the plaintiff failed to allege that he was, in any manner, deceived by Amoco’s ads or that he received anything other than what he expected to receive when he purchased the gas, namely, a certain amount of gasoline with a certain octane level, for the price listed at the pump.

The court also noted that because the plaintiff did not allege that he saw, heard or read any of Amoco’s ads, he cannot maintain that he believed he was buying gasoline that benefited the environment or improved engine performance.

The ruling could deflect suits against other corporate advertisers, including automobile advertisers, helping them to avoid facing similar class action litigation, unless it can be shown that the entire plaintiff class saw or heard a specific advertisement.

Northwood accepting names for dealer award

Dealer principals who have made noteworthy contributions to education—public or private, on any level, inside or outside the industry—could be candidates for a Northwood University Dealer Education Award.

The award is presented annually at the National Automobile Dealers Association convention, which next year is in San Francisco on Feb. 2.

The nominee must be a dealer principal and should be present to accept the award.

Northwood University President David Fry said award winners “are people of stature. The award is recognition of substantial dedication over a number of years to the educational process and the field of automotive marketing.”

Nominations must be returned to Northwood’s Midland, Mich., campus, postmarked by Sept. 1.

For a nomination form, contact the CATA’s Erik Higgins at 630-495-2282.

Consumers face 452,000 odometer fraud cases annually: NHTSA

More than 450,000 people every year buy used vehicles with mileage gauges rolled back, spending an average \$2,336 more than they should, according to a federal study of odometer fraud.

The National Highway Traffic Safety Administration study, released July 11, found the practice is most common with fairly new vehicles that accumulate significant mileage in a short period, such as rental and company cars and leased vehicles. Most odometer fraud is committed by wholesalers who buy fleets of used vehicles and sell them to dealers, said Richard Morse, chief of the NHTSA’s odometer fraud program.

“You can take a 2-year-old car with

20,000 miles on it, roll it back to 2,000, and you just made \$4,000,” said Morse. “That’s without doing anything else to it. You don’t even have to wash it.”

Newer cars usually have digital odometers, but it only takes a laptop computer and equipment readily available on the Internet to change the mileage.

The NHTSA study, which was requested by Congress, examined the title transfers of 10,000 vehicles and the administration’s own database of known odometer fraud. The researchers calculated that 3.47 percent of vehicles less than 11 years old have had their odometers rolled back, or about 452,000 vehicles sold each year.

Odometer fraud costs owners \$1.1

billion annually, compared with the \$2.9 billion lost on stolen autos in 2000, the study found. The fraudulent mileage costs do not include inflated financing, insurance and tax costs, repairs, lower resale value and other damages.

Congress tried to reduce odometer fraud in 1986 by passing the Truth in Mileage Act, which requires owners to disclose mileage on the title when a vehicle is sold. Consumers can check a title history at their state’s department of motor vehicles, usually for less than \$5, but states surveyed by the NHTSA reported that an average of only 9 percent of consumers take that step.

Few states have programs that effectively detect odometer fraud, the

SEE ODOMETER, PAGE 4

AYES

CONTINUED FROM PAGE 1

which takes them out of class, and the visits really are for an AYES manager.”

AYES representatives match schools and dealerships to develop on-the-job experiences and mentor relationships with journeymen technicians. The AYES program is important because 25 percent of 18-year-olds say they already have selected a career path. Exposing the interns to dealership work could sway them to a career there.

That exposure, D’Arcy added, can keep the interns from being lured to quick-service lube shops and other competitors.

The other AYES high schools participating locally are Lake County High School in Grayslake; Curie Metropolitan High School and Farragut Career Academy, both in Chicago; and Hammond (Ind.) Career Center.

The National Automobile Dealers Association provided a start-up grant to help defray Butcher’s salary, and the CATA is seeking future funding from the Illinois Board of Education.

Odometer

CONTINUED FROM PAGE 3

NHTSA study found. Only four of 46 states that responded to NHTSA’s survey routinely identify odometer fraud, alert an applicant when a higher mileage was listed on a previous title and keep mileage records at inspections or times other than titling.

The report recommended that NHTSA get more money to help states investigate odometer fraud.

Supporters of federal arbitration bill seek vote

Backers of federal legislation that would forbid mandatory binding arbitration as part of manufacturer contracts with dealers are pushing for a Senate vote on the matter before Congress recesses Aug. 5 for four weeks.

The Motor Vehicle Franchise Contract Arbitration Fairness Act has bipartisan support of 64 senators, but Republican leaders have blocked a vote because of objections from Sen. Jeff Sessions (R-Ala.). Illinois Sen. Peter Fitzgerald has not pledged to cosponsor the measure. Dealers can appeal for

Fitzgerald’s endorsement of Senate Bill 1140 by calling the senator’s Chicago office, 312-886-3506, or by e-mail at peter_fitzgerald@fitzgerald.senate.gov

The disparity in bargaining power between dealers and manufacturers is great. Dealers support legislation to ensure they are not coerced into binding arbitration.

A similar bill (H.R. 1296) is navigating the House of Representatives. It has 223 cosponsors.

Congress is scheduled to adjourn this session Oct. 4.

California emissions bill expected to become law

One of the most controversial pieces of legislation ever written related to auto regulations is expected to be signed by July 23 by California Gov. Gray Davis. The move would be a statement of enthusiasm for the bill and demonstration that California can act, even when Washington can’t.

Unlike any federal legislation designed to improve vehicle fuel economy, the California bill does not mention fuel mileage or even the word gasoline. Instead, it goes right to the heart of the matter—greenhouse gases—which are attributed to be the cause of global warming.

What the bill does do is require the infamous California Air Resources Board to develop new emissions rules by 2005. The board cannot change speed limits, impose taxes or ban certain types of vehicles, but it can require vehicles sold in the state by 2009 to meet lower emissions requirements.

The bottom line is, the only way automakers can meet toughened emissions requirements is to improve fuel mileage.

The way the legislation is written, legislators say it can be unchallenged in court and could become a landmark that other states will adopt.

Congratulations!

- Volkswagen of America recently announced the Gold members of the 2002 Volkswagen Sales Guild, an award bestowed to the top 1 percent of the manufacturer’s salespeople in the United States and Canada. Of the 51 winners, six work locally:

Hendrik Bay, Larry Roesch Volkswagen of Bensenville
Armando Gonzalez, Pugi Volkswagen in Downers Grove
Alan Guevarra, Jennings Volkswagen in Glenview
Roy Nees, the former Loeber Motors in Chicago
Marius Negrean, Pugi Volkswagen in Downers Grove
Bogdan Studzinski, the Autobarn of Countryside

- Toyota Motor Sales accorded its 2001 Circle of Excellence Award to 35 dealerships nationally, including **Schaumburg Toyota**, for providing the highest level of customer-focused finance and insurance solutions.

CATPAC

Have you contributed?