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CATA's marketing workshop to look at evolving digital landscape

Dealership professionals are invited to attend a free Dealer Marketing Workshop on May 17 at the headquarters of the Chicago Automobile Trade Association.

At the 9:30 a.m.-12 p.m. event, attendees can:

- network over a coffee and pastry reception hosted by the CATA's Approved Member Partners;
- participate in a discussion of the ever-changing digital landscape with an emphasis on mobile, as mobile now represents nearly 70 percent of time spent on digital media;
- receive updates from the USO of Illinois on the 2018

Barbecue for the Troops program, including a special patriotic ceremony and distribution of event materials distribution;

- close the morning with a BBQ lunch by Real Urban Barbecue, complete with raffle prizes.

The retail industry, including the automotive sector, is experiencing a dramatic shift in the way people receive information and complete transactions.

This interactive seminar is designed for dealership personnel to discuss and generate new strategies and tactics — including fresh content

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Zero tolerance ads a BBB target

BY STEVE BERNAS

PRESIDENT, BBB OF CHICAGO AND NORTHERN ILLINOIS

The BBB and the CATA worked together a few years ago to establish that certain Illinois Motor Vehicle Advertising Regulation violations are so serious and pervasive that they are Zero Tolerance infractions.

Dealers wanted to reduce the competitive problems created by disregard of these rules which, as we all know, are enforced by the Attorney General through its power conferred by the Illinois Consumer Fraud and Deceptive Business Practices Act. The role of the BBB is to identify issues, primarily but not ex-

clusively, through referrals by dealers and advertisers, notify dealers of their infractions and, when appropriate, refer these matters to the Attorney General's Office.

The Zero Tolerance program involves such referrals. When dealers engage in Zero Tolerance conduct, the BBB will refer these dealers to the Attorney General's office for appropriate enforcement. The BBB does have some discretion to handle problems internally but most matters will be referred. This is how dealers want the program to work.

The BBB is seeing continuing Zero Tolerance con-

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FTC: Illegal to condition warranty coverage on use of specified parts, services

The Federal Trade Commission staff this month sent warning letters to six major companies that market and sell automobiles, cellular devices, and video gaming systems in the United States, warning of FTC concerns about the companies' statements that consumers must use specified parts or service providers to keep their warranties intact.

Unless warrantors provide the parts or services for free or receive a waiver from the FTC, such statements generally are prohibited by the Magnuson-Moss Warranty Act, a law that governs consumer product warranties. Similarly, such statements may be deceptive under the FTC Act.

Each company used different lan-

guage, but here are examples of questionable provisions:

- The use of [company name] parts is required to keep your ... manufacturer's warranties and any extended warranties intact.
- This warranty shall not apply if this product ... is used with products

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Zero

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duct from dealers and it may be time to review the Rules once more.

The following sections of Illinois's advertising regulations fall within the Zero Tolerance program:

Rule 475.310, Advertised Price

Rule 475.310 requires that all costs to consumers be included in advertised prices except for tax, title, license and the documentary service fee. In addition, advertised prices must be available to all consumers.

The BBB continues to see violations, particularly on websites that may be produced by third parties on behalf of dealers.

Advertised price disclosures often contain amounts in addition to tax, title, license and the doc fee. Such amounts include, but are not limited to, destination charges, freight charges, environmental charges, dealer fees, finance charges, emissions charges and "all other fees required by law." An advertised price disclosure in Illinois should exclude only tax, title, license and the singular doc fee, not "fees."

Advertised prices are not available to all consumers when they contain limited rebates. Such rebates include loyalty, military, and any other amount that is not available to every buyer or lessee. Dealers must ensure that their advertised prices, particularly on websites, are available to all consumers and include all amounts other than tax, title, license and the doc fee.

Rule 475.530, Rebates

Rule 475.530 allows dealers to include general rebates available to all consumers in advertised prices. Rebates are allowed only from manufacturers; dealers cannot give rebates of any kind or in any manner.

The rule specifically prohibits limited rebates from being deducted from advertised prices. Instead, limited rebates should be advertised separately from the price as well as clearly and conspicuously as to their terms, which means the amount of the rebate and to whom it applies.

The BBB often sees dealer website prices, mostly prepared by third parties, where advertised prices include limited rebates. Dealers need to be particularly careful to monitor their advertised prices regularly. The BBB understands that when manufacturer incentives change, problem practices return. Therefore, website reviews should happen routinely as incentives change.

Rule 475.540, Trade-ins

As we all know, guaranteed trade-in amounts, specific trade-in amounts or ranges of amounts are all prohibited by Rule 475.540. Such amounts include references to book value for consumers' trade-in vehicles. This also applies to dealer claims that consumers are not required to buy cars from them.

Language concerning trade-in amounts does occur on dealer websites, but the BBB primarily sees trade-in issues in mailers, which often are prepared by out-of-state advertising companies.

Illinois has strict rules — as dealers want — and advertising practices that are allowed in other states cannot be done here. Such companies do not always understand the standards for Illinois because they advertise nationwide and not primarily in this state.

Therefore, dealers should be very careful in reviewing material proposed for dealer direct mail to consumers.

Rule 475.590, Gifts and Free Offers

Rule 475.590 prohibits all free prizes, gifts or other incentives in connection with the purchase or lease of a vehicle where the vehicle is sold or leased at a price arrived at through bargaining or negotiation. Such items are allowable from the manufacturer.

The language of this rule is very broad and includes anything from a dealer. The BBB lately has seen remote starters, or reduced prices on remote starters, included with the sale of vehicles.

Each year the BBB writes several letters regarding "Black Friday" promotions in which dealers offer free items with vehicles. Special online discounts not included in general advertised prices, often in the form of pop-up coupons, are prohibited

by Rule 475.590. Lifetime oil changes and car washes also are problems under this rule.

A particular concern is dealer warranties. The rule allows that dealers can include a warranty with the purchase or lease of a vehicle but cannot advertise that as "free."

The practice has evolved over the years to result in the involvement of third party service contract companies or administrators in dealer warranty programs. Such programs are prohibited by Rule 475.590. Any per-vehicle cost to dealers under dealer warranty programs are "incentives" prohibited by the rule.

Consumer Fraud Act, Section 2(j)(1), Coupons

The Consumer Fraud Act prohibits dealers from offering coupons in connection with retail sales of motor vehicles. Coupons are most often advertised as website pop-ups offering added discounts to consumers who see the coupons. Not only does this practice violate the Act, it also violates Rules 475.530, Rebates; and 590, Gifts and Free Offers.

The BBB can help dealers with pre-publication advertising review as part of the BBB/CATA program.

The CATA Bulletin is produced by the
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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.

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Customers say poor grammar by salespeople can be a sales turnoff

First impressions matter when it comes to attracting online shoppers. Dealerships should ensure responses to potential customers not only are thoughtful and informative but also grammatically correct.

Nearly half of consumers said poor spelling, grammar and punctuation were enough to turn them off from a dealership before ever walking in the door, according to a survey by EFG Cos., an F&I product and training company in Irving, Texas.

In the survey, EFG asked, “What are the top three reasons that would lessen your consideration for a purchase/lease at a dealership?”

The No. 1 reason to walk away from a dealership was a general feeling of distrust. Consumers ranked poorly worded/nonprofessional communication as the No. 2 reason, followed closely by lack of knowledge on the part of the salesperson.

A typo on the store website or in a message to a customer can signify inattention to detail and lack of professionalism. The salesperson, F&I manager

or any other dealership employee who corresponds with customers represents the dealership as a whole. One person’s grammatical error likely will make the entire dealership seem unprofessional.

“It really does all start with, who are you hiring in your business to interact with your car-purchasing public?” said Jenny Rappaport, EFG’s chief marketing officer. “Things evolve and change. Dealers need to look at different ways to scrutinize and screen potential candidates who might be in their [business development center] or their online representative.”

Incorporating a writing test into the interview process can help dealerships identify candidates who are comfortable — and competent — with online interactions.

Around 2009, the intersection of the recession and a consumer shift to online shopping put a premium on rapid response times, Rappaport said. At the time, many dealership employees believed the first message to reach the customer made the sale.

“What you saw was this ground

swelling happen of canned responses, kind of the auto responders, and then very rapid and hurried communication back to the consumer about that vehicle,” Rappaport said. “In that hurry, you just saw a lot of poorly worded, maybe not scrutinized information going to the customer.”

But sending personalized messages doesn’t have to be a gamble. Some dealerships enlist chatbots or smart software to communicate with customers online and then hand the reins to a salesperson once the customer visits the dealership.

Even an edited template can be helpful when converting online shoppers into dealership customers, saving the store’s staff time drafting similar messages. A uniform sample text that sales associates and F&I managers can tweak to fit their customers’ needs allows dealerships to reach out to consumers effectively without risking a small but costly typo.

All in all, dealerships’ reputations are vital to their success. A simple proof-read can protect — and enhance — a store’s image.

Study: Millennials are most likely to spend their tax refund on a car

When asked how they wish to spend their tax refund this year, 37 percent of millennials said they intend to spend their tax returns on a new car, compared to 23 percent of non-millennials, according to the eBay Tax Refund Retail Study, released in late March.

According to the study, most millennials want to spend their refund on themselves.

“Our research showed that consumers, especially millennials, view tax season as a time to use their refunds to reward themselves — whether it’s upgrading their personal style or

investing in their passions,” eBay’s Jesse Kiefer said in a news release announcing the study’s release.

About 28 percent of millennials said they would choose to buy a new car with their tax refunds, while 31 percent claim that they would use the extra money to pay off any loans or debt.

The survey for the eBay Tax Refund Retail Study was conducted with a sample of 1,000 people in February. Millennials are defined as respondents between 18 to 34 years of age.

Workshop

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marketing ideas, video examples and email solutions — with the ultimate goal to convert more leads into quality customers.

Data also is a key ingredient to any successful digital campaign. The panelists will dig into the importance and value of maximizing your existing data.

Leading the discussion will be Mike McDonnell

(CEO of Automotive Internet Media) and Kevin Keefe (a CATA director, chairman of the board’s DriveChicago.com Committee, and principal of Brilliance Honda and Brilliance Subaru), along with

other industry experts.

Questions for the panelists can be submitted in advance to the CATA’s Jim OBrill (jobrill@drivechicago.com) or Annamarie Beretta (aberetta@drivechicago.com).

American Honda Motor Co. presented its 2017 President's Award to **Continental Honda** (Country-side), **Bill Kay Honda** (Bourbonnais), **Muller Honda** (Highland Park), and **Valley Honda** (Aurora).

Heritage Cadillac, in Lombard, and **Cadillac of Naperville** are among 20 winners of the 2017 Cadillac Dealer of the Year Award.

The 2017 Buick Dealer of the Year Award was given to 22 dealers, including **D'Arcy Buick-GMC** (Joliet), **Schepel Buick-GMC** (Merrillville, Ind.), and **Woody Buick-GMC** (Naperville). **Schepel Buick-GMC** also was one of 22 winners of the 2017 GMC Dealer of the Year award.

Northwood University bestowed its 2018 Outstanding Business Leader award to **Ray Scarpelli Jr.**, principal of Ray Chevrolet and Ray Chrysler Dodge Jeep Ram, both in Fox Lake, and five others.

Honda Financial Services gave its 2017 Council of Excellence Award to **Valley Honda**, in Aurora (12-year winner); and to **Pauly Honda**, in Libertyville (1-9-year winner).

Chevrolet's 2017 Dealer of the Year Award winners include **Mike Anderson Chevrolet of Merrillville** (Ind.), **Phillips Chevrolet** (Frankfort), and **Ray Chevrolet** (Fox Lake).

Acura Financial Services gave its 2017 Council of Excellence Award to **Muller's Woodfield Acura**, in Hoffman Estates (12-year winner);

Congratulations!

Joe Rizza Acura, in Orland Park (10-year winner); and **Pauly Acura**, in Highland Park (1-9-year winner).

Winners of Mercedes-Benz Financial Services' 2017 Valued Partner Award include **Autohaus on Edens** (Northbrook), **Mercedes-Benz of Chicago**, and **Orland Park Imports**.

Mark Scarpelli, president of Raymond Chevrolet and Kia in Antioch, is among seven honorees named by Northwood University to receive the 2018 Dealer Education Award, presented to dealers who have made noteworthy, individual contributions to public or private education.

Continental Honda (Country-side) earned membership in American Honda Motor Co.'s Council of Parts & Service Professionals, for delivering exceptional customer service.

Winners of Ford Credit's 2017 Partners in Quality Award include **Rod Baker Ford**, in Plainfield; **Bredemann Ford**, in Glenview; **Highland Park Ford-Lincoln**; **River View Ford**, in Oswego, **Van Drunen Ford**, in Homewood; and **Westfield Ford**, in Countryside.

Nicholas D'Arcy, of D'Arcy Buick-GMC in Joliet, was among 26 persons in the NADA Academy's January 2018 graduating class. **Dean Christenson Jr.**, of Christenson Chevrolet, in Highland, Ind.; and **Jon Prescott**, of Prescott Brothers, in Mendota, were part of the March

2018 class.

Continental Honda (Country-side), **Bill Kay Honda** (Bourbonnais), **Muller Honda** (Highland Park), and **Valley Honda** (Aurora) were named winners of the 2017 Honda President's Award, for outstanding sales and dedicated service.

Winners of the 2017 Mercedes-Benz Best of the Best Dealer Recognition Award include **Motor Werks of Barrington** and **Mercedes-Benz of Naperville**.

Bettenhausen Motor Sales (Tinley Park), **Bosak Motors of Merrillville** (Ind.), **DuPage CDJR** (Glendale Heights), **Heller Motors** (Pontiac), **Liberty CDJR** (Libertyville), **Napleton's Arlington Heights CDJR**, **Napleton's River Oaks CJDR** (Lansing), **Prescott Brothers** (Mendota), **Wickstrom CJDR** (Barrington), and **Zeigler CDJR** of Schaumburg won FCA's 2018 Customer First Award for Excellence.

The Porsche Exchange, in Highland Park, is one of 28 winners of the 2018 Porsche Premier Dealers award.

Continental Acura of Naperville and **Muller's Woodfield Acura** (Hoffman Estates) are Gold-level winners of Acura's Environmental Leadership Award. **Ed Napleton Acura** (Elmhurst) is a Silver-level winner of the same award.

Matteson's **Planet Honda** and **Valley Honda**, in Aurora, are among the 2017 Honda Masters Circle winners.

Warranties

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not sold or licensed by [company name].

- This warranty does not apply if this product ... has had the warranty seal on the [product] altered, defaced, or removed.

“Provisions that tie warranty coverage to the use of particular products or services harm both consumers who pay more for them as well as the small businesses who offer com-

peting products and services,” said Thomas B. Pahl, acting director of the FTC's Bureau of Consumer Protection.

The FTC staff has requested that each company review its promotional and warranty materials to ensure that such materials do not state or imply that warranty coverage is conditioned on the use of specific parts of services. In addition, FTC staff requests that each company revise its practices to comply with the law.

The letters state that FTC staff will review the companies' websites after 30 days and that failure to correct any potential violations may result in law enforcement action.