Volume 109, No. 14 July 23, 2012

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 drop-down menu to CATA-DealersEdge webinars.

Coming topics:

Thursday, July 26 at 12 p.m. CDT

"SEO Update: A Deeper Look at Google's Penguin Update" Google is constantly changing the search ranking algorithms! Recent changes may have dropped your website's rankings. Understanding the Penguin Update will go a long way toward bringing your SEO

See **Webinars**, Page 2

Use best practices on Facebook

Jennifer Morand, the CATA's new senior public relations and social media manager, has been meeting with member dealerships to help them bolster their Internet efforts. Along that line, Morand offers dealers a best-practices checklist for their Facebook activities.

1) **Publish at least once daily.** It's extremely important to keep your page updated with new content and to keep topics fresh and relevant.

2) **Engage with your fans.** Solicit feedback UNRELATED TO YOUR DEALERSHIP (like, "Should Ford build a Super Car?"). This will help boost the number of "likes" or comments to that post – increasing the chances that your brand will show up in their news feeds more frequently.

3) **Be visual.** Whether you tie an image, video or link with your post, take advantage of the visual benefits of Facebook's new template and fans will be more likely to engage.

4) **Offer incentives.** It's proven that the #1 reason a fan becomes friends with a brand on Facebook is because of the incentives. Try offering up a coupon for a free oil change or a discount on a tire rotation service to not only boost fans and engagement, but also to get more people in the door of your dealership!

5) **Socialize.** Don't just post "at" your fans: when fans respond to your question or comment on your post, make sure to reply or thank them for their feedback (whether negative or positive). This brings us to our next best practice tip ...

6) **Deal with negative posts face-to-face (er, Facebook-to-Facebook).** Let's face it, not all fans are going to report positive feedback 100% of the time. It's imperative to reply promptly

See **Facebook**, Page 4

NADA spells out concerns with looming fuel-economy rules

Fuel economy rules proposed by the Obama administration on Model Year (MY) 2017-2025 cars and light trucks were reviewed at the White House's recent "Advanced Vehicles, Driving Growth" summit with automakers, environmentalists and government officials.

The NADA has raised a number of issues during the ongoing debate:

Are consumers able and willing to pay almost $3,000 [Obama administration estimate] more on average per vehicle in 2025 to get better fuel economy?

The cumulative average per vehicle cost of the MY 11, MY 12-16, and MY 17-25 fuel economy rules approaches $3,000 per vehicle. (MY 11: 74 Fed. Reg. 14413 - $95; MY 12-16: 75 Fed. Reg. 25635 - $945; MY 17-25: 76 Fed. Reg. 74889 - $1,896 - all prices adjusted to 2010 dollars.)

Will new graduates and working families still be able to buy a new car or truck?

Vehicles that currently cost $15,000 and less could be regulated out of existence. (U.S. Energy Information Administration, "Annual Energy Outlook 2011," Page 27.)

With upwards of 90 percent of new vehicles financed in some way (auto loans and leases), how many fewer working families will still qualify for a loan in 2025?

The NADA's research shows that 6.8 million Americans no longer would qualify for financing to purchase the most affordable new vehicles should prices escalate an additional $3,000.

Will there be broad consumer acceptance of hybrid and electric vehicles?

Hybrid sales have never amounted to more than 3 percent of sales in any given year. For automakers to comply with the MY 17-25 mandates, 15 percent of the vehicles sold must be hybrids or electrics. (76 Fed. Reg. 74860)

When will families achieve the '$8,200 in fuel savings over the lifetime of a new vehicle' that is promised?

To achieve $8,200 in fuel savings, the Environmental Protection Agency estimates that a consumer would have to drive the vehicle 211,000 miles during its life. (EPA, Draft Technical Service Document, Pages 4-17, Nov. 2011)

Congratulations!

Eight area dealers have won the 2011 Toyota President's Award: **Arlington Toyota** (Palatine), **Continental Toyota** (Hodgkins), **Elgin Toyota**, **Elmhurst Toyota**, **Libertyville Toyota**, **Oakbrook Toyota in Westmont**, **Pauly Toyota** (Crystal Lake), and **Toyota of Naperville**.

Webinars

Continued from Page 1

strategy up-to-date!

Everyone wants top-of-Page-1 search results. Since most people never look at anything past the first few listings, this placement is of utmost importance to your success. But as soon as Google rewrites its search algorithms, an army of online marketers looks for ways to game the system. Of course, this sets off a never-ending string of future Google algorithm changes — each trying and succeeding to keep one step ahead of what some have called "unnatural" search results. But even the innocent can get caught in this net and find that their previously well-performing website has now dropped to Page 2 or worse.

The dust is settling around Google's new Penguin Update. In this webinar session, SEO Guru Brian Pasch will discuss Google's Penguin Update and what you should be looking for and doing to help maintain a Page 1 search result.

<u>Thursday, Aug. 2 at 12 p.m. CDT</u>

"How to Control and Reduce the Cost of Doing Business by Limiting the Number of Vendors — Who is Spending and Why!" A recent analysis of a dealership's purchasing found that the company did business with 16 towing companies, five office supply vendors and a startling 68 advertising and marketing firms! Controlling the list of approved vendors is key to eliminating wasted expense!

The firm of our expert speaker, Doug Austin, conducts "spend analysis" for auto dealers from all over the country. His work in this area has led him to conclude that the average dealership has to manage more than 100 expense categories. His work also found that those 100 categories are supplied by more than 300 vendors.

Doug also estimates that the hidden cost of managing each vendor used easily tops $1,000 a year for most dealer organizations. Do the math: 300 vendors times $1,000+ per year! So trimming the number of vendors can save you money with the ability to negotiate better terms — but it also saves hidden management expense too.

Join us for concrete ideas and strategies for reducing expenses via better vendor controls.

The CATA Bulletin is produced by the
Chicago Automobile Trade Association
18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810

The CATA Bulletin is distributed via blast e-mail 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.

David E. Sloan — President, Publisher
Erik K. Higgins — Editor, Director of Dealer Affairs

NADA has vigorous agenda on facility image, stair-step incentives

By Mark Scarpelli
Chicago Metro NADA Director

Factory-mandated dealership upgrade programs and stair-step incentives (or two-tier pricing) are two highly contentious issues facing many new-car dealers.

Some of these programs, as currently administered by the auto manufacturers, are also causing confusion among consumers and disrupting business.

To address these issues with auto manufacturers, the National Automobile Dealers Association has created an Industry Relations Task Force, which set a vigorous agenda at its first meeting in June. The work of the task force is a high-level priority and has been fast-tracked.

As each day passes, the NADA recognizes that dealers are reaching deadlines to make huge financial decisions about investing in their facilities. Working on an expedited timeline, the NADA task force will meet face-to-face in Washington in early August to explore all options to support dealers.

In addition, Phase II of the NADA's facilities image study, which currently is underway, will analyze return-on-investment. And questions that will evaluate dealer opinions and experiences with facility programs have been added to the NADA's Dealer Attitude Survey for July. The survey is conducted twice a year.

NADA policy is clear: All dealers — large or small, urban or rural — should be treated fairly by their manufacturers. Automakers should be flexible and give all dealers an equal chance to benefit from these programs.

In other NADA news ...

• In response to the Supreme Court decision on June 28 to uphold the primary provisions of the **Affordable Care Act** (ACA), the NADA released the following statement:

"Although the ruling by the Supreme Court appears to uphold the majority of the Affordable Care Act, it remains a flawed law. Keeping and retaining highly skilled and trained employees is a priority for all auto retailers. Dealers strive to provide their employees with the most affordable health care plans available that best fit their needs. Each year, it becomes increasingly challenging for dealers to find the most affordable health insurance plans with the best coverage.

"Since the passage of the ACA, health insurance costs have continued to rise, and compliance has become more complex. The resources that dealers must put toward meeting these new health care mandates prevent them from growing their businesses and, in many cases, hinder their ability to offer quality health care plans to their employees. While the decision did not strike down most of the ACA, Congress should revisit this law to ensure that dealership employees are not forced out of employer-based health care plans."

The NADA will provide the membership with further guidance after the impact of the Supreme Court's 193-page decision has been fully analyzed.

• **Employment at new-car dealerships** rose 4.6 percent in 2011, to 933,500 workers.

Paul Taylor, the NADA's chief economist, released the findings as part of NADA Data 2012, the association's latest state-of-the-industry report on dealership financial trends.

The increase in the number of employees occurred as the number of dealerships, which had declined in recent years, continued to stabilize. In the first quarter of 2012, there was an increase of 66 dealerships on a net basis.

"The arrival of new brands and new dealerships is a sign that even more vigorous competition is on the way in the U.S. vehicle marketplace," Taylor said. "As new brands enter the U.S. market, the net dealership count may increase in future years of strong economic growth."

In 2011, the average new-car dealership employed 53 workers and had an annual payroll of $2.6 million. Dealerships also provided an average 14.5 percent of total retail payroll in their states in 2011.

Taylor also noted that "franchised dealers are major employers as well as significant contributors to their communities' economies, tax bases and civic and charitable organizations."

• Two new bulletins from NADA will help the new-vehicle sales staff at dealerships respond to **consumer questions on safety and fuel economy**:

A two-page Q/A bulletin issued jointly by the NADA and the National Highway Traffic Safety Administration aims to help sales employees respond to consumer questions on "stars-for-cars" safety information. This new information is required on Monroney labels starting with Model Year 2012 light-duty vehicles rated and manufactured after Jan. 31, 2012. "The Dealer Guide to NHTSA's 5-Star Safety Rating Label" describes how vehicles are rated, what the new labels look like, and how consumers can compare vehicles.

A four-page Q/A bulletin, "Revised EPA/NHTSA Fuel Economy Labels," addresses the revised fuel economy and emissions information required for MY 2013 and later vehicles. Designed to allow for better comparisons between vehicles, this revised information also typically will be presented on light-duty Monroney labels.

Managed natural gas program questionnaire

Like all energy markets, the natural gas market has been historically unpredictable. A review of pricing over the past decade shows numerous surprises, sometimes sharp increases and sometimes unexpected drops.

In an effort to offer customers the ability to reduce their exposure to increases while capitalizing on the drops, some suppliers offer managed programs. Similar to a mutual fund, the success of the program depends largely on the competency of the organization running it.

We have found that one of the key indicators that a program will accomplish its goals is complete disclosure. The supplier should be able to tell you exactly what their plan is for the program, as well as what your rates will be based on. Without that disclosure, customers open themselves up to the possibility of inflated supplier margins.

Attached below is a list of questions you should ask any supplier offering a managed program. If they can not answer all questions and if the information is not verifiable on each invoice or storage report, we recommend considering another program.

Index Rates

What percentage of the rates are index rates?

Does this percentage change throughout the contract period or does it remain the same? If it changes, when and why?

What is the index rate based on?

A rate above or below the NGI Index or NYMEX?

If yes, what is that rate?

A rate above the supplier's cost? If yes, what is that rate?

How has the supplier's cost compared historically to the NGI Index or NYMEX?

Can they provide verifiable information, such as customer invoices regarding their rate history?

What is included in calculating their cost?

How are those calculations different than the margin they are charging you above their cost?

A pooled rate?

How is that rate calculated?

What is the supplier's purchasing strategy?

How long has that pooled rate been offered?

How has the pooled rate compare to the NGI Index or NYMEX?

How long of a track record will the supplier provide?

Are the rates verifiable?

Fixed Rates

What percentage of the rates are fixed rates?

Does this percentage change throughout the contract period, or does it remain the same?

If it changes, when and why?

When are rates locked?

At once, or over a period of time?

What is the strategy based on?

Will they disclose the fixed rates for the term of the agreement once those rates are locked?

Storage

Are you benefitting from storage benefits? If yes, in what form?

Are there injection and withdrawal strategy or storage credits?

If using an injection and withdrawal strategy, what is that strategy?

If receiving storage credits, what are those credits and where are they applied? If no, why?

Invoices and Reporting

Do invoices detail index and fixed rates as well as their respective volumes? If not, how do you know what you're paying for the respective rates?

Are reports available informing you of pending fixed rates?

If not, how do you know what volumes of rates are fixed and at what rate?

Are storage reports available detailing activity?

If you are in a pooled program, is the above information available for the pool?

Utility Management Group offers natural gas and electric programs as well as options to reduce your electricity consumption. Their programs are supported by the CATA.

Working with multiple suppliers gives them the ability to shop your service among the top suppliers in the market, ensuring that those suppliers compete for your business and offer the most aggressive rates possible.

CATA members can obtain discounted rates based on the strength of the organization as well as priority customer service.

For more information regarding these offerings, please contact UMG at (630) 279-0117.

Facebook

Continued from Page 1

(no longer than 48 hours) to fans who post on your page. If they're unhappy with their service or a recent purchase, reply publicly that you will send them a private message to get more details. It's best to take the negative issue offline and out of the public's eye.

Questions/comments? Want to know more? Contact Morand at (630) 424-6084 or jmorand@drivechicago.com.