



CATA Bulletin



a biweekly newsletter

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CATA nominates Shirey for '07 TMQDA accord

Thomas Shirey, president of Frank Shirey Cadillac in Oak Lawn, was selected by directors of the Chicago Automobile Trade Association as the CATA's nominee for the 2007 Time Magazine Quality Dealer Award.

Shirey and about 65 dealers nominated by other state and metropolitan dealer associations will vie for the national recognition. Four finalists and one winner will be announced in February at the opening session of the National Automobile Dealers Association convention in Las Vegas.

The TMQDA recognizes new-vehicle dealers in the United States for exceptional performance in their dealerships combined with distinguished community service. The finalists and winner will be chosen by a faculty panel from the University of Michigan Graduate School of Business Administration.

The nominee is a third generation Cadillac dealer. Thomas's father, Frank,

founder of Frank Shirey Cadillac in Oak Lawn in 1964. Frank's father worked for General Motors beginning in the 1920s, and in 1949 opened Cullerton Cadillac in Brookfield.

Thomas Shirey joined his father's dealership full-time after graduating from Georgetown University's School of Business in 1972. Seven years later, he purchased the dealership.

Shirey Cadillac is a recipient of many annual Standards for Excellence awards and bonuses, including being a GMAC Platinum Dealer since 2000 and being an 11-year winner of the

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Thomas Shirey

CATA, IADA to host 1st conference, retreat for Illinois dealers, in Fla.



The Marco Island Marriott overlooks southwest Florida's Gulf coast.

A conference and retreat exclusively for Illinois dealers and their families is March 18-23, 2007, at the Marco Island Marriott Resort & Spa in Marco Island, Fla.

The inaugural getaway excursion, coordinated by the CATA and the IADA, features speakers, workshops and line or ad group meetings as requested, plus golf outings, banquets and other events at or near the resort overlooking the Gulf of Mexico.

Marco Island is graced with miles of white-sand beaches, luxurious real estate, beautiful year-round weather, sumptuous restaurants, fine shopping, dining, lively entertainment, attractions and plenty of recreational activities from boating and fishing, to golf and tennis, and more. All that is set amid the stunning subtropical beauty that is

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2nd federal bill mulls vehicle total-loss disclosure

The sponsor of a U.S. House bill to mandate disclosing information on the fair market value and safety of damaged cars said he would try to bring the bill to the House floor during next month's lame-duck session if his colleagues demonstrate sufficient support.

Rep. Cliff Stearns (R-Fla.) introduced H.R. 6093, the Damaged Vehicle Information Act, on Sept. 19. It would

require details about totaled vehicles to be sent immediately to vehicle history databases—available to the public—so that consumers are given more complete information regarding rebuilt wrecks and stolen and flooded cars.

For each affected vehicle, the database would identify the VIN; the date of total loss; the primary reason for to-

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Growing challenge:

Getting, keeping loyalty of customers driven by hearts and heads

Although rational factors such as safety, price and reliability play a role in consumers' decision-making process, they are often trumped by more emotional aspects, the consulting firm Capgemini found in a study released this month.

For example, when consumers were asked why they switched to a different brand of vehicle, responses such as "fits my needs," "wanted to try something new" and "enjoyment of the vehicle" scored higher than fuel economy and safety.

"This poses a challenge for dealers and manufacturers: How do you appeal to both the rational and the emotional aspects?" said Nick Gill of Capgemini. "Our findings make it clear that automotive manufacturers and dealers must focus on better collaboration, stronger commitment to developing a long-term relationship with the customer, and increased communication throughout the vehicle lifecycle if they hope to improve customer loyalty as well as business performance."

Loyalty isn't guaranteed

A little over half of consumers own a vehicle that is a different make from their previous vehicle. An even higher proportion of consumers switched dealers, indicating that dealers have considerable work to do in the area of customer loyalty, Gill said.

The study, which surveyed consumers in the United States and in China, France, Germany and the United Kingdom, examines trends in consumer buying behavior, Internet use and customer loyalty. The report also explores the similarities and differences among the countries studied.

Key findings from the study include:

- **Customer loyalty is fleeting:** With so much riding on the relationship and emotional factors, consumer trust and loyalty can be easily broken. Consumers are ever more demanding and are prepared to walk at any time, even within a month of purchase, and often they won't give a company a second chance. Close to 40 percent of consumers said they expect a dealer or manufacturer to respond to a request for a quote via e-mail or the Web within four hours, up from 29 percent last year. If the response isn't fast enough, many consumers will look for a new dealer, a new manufacturer or both.

- **Loyalty doesn't end with the sale:** Post-sale communications and aftersale service are essential to keeping the customer relationship alive. For example, about two-thirds of respondents said that they appreciate dealer contact such as having the service manager phone following vehicle servicing, receiving regular service reminders or having a sales consultant phone following delivery of a vehicle.

- **Further collaboration between the manufacturer and dealer is key to driving growth:** Consumers don't always make the distinction between vehicle manufacturer and dealer. For instance, if either party fails to respond quickly enough to an e-mail inquiry, close to one-fifth of consumers will switch both brand and dealer. That points to the importance of retail integration in the battle for customers and sustainable profits. Together, both manufacturers and dealers are better positioned to respond faster and more effectively to consumers' needs, wants and preferences.

- **Vehicle buyers are using the Web in a more targeted fashion:** More than 80 percent of the respondents said they are using the Web during the buying process, twice as many as in 2004 and almost 4.5 times as many as in 2002. At the same time, consumers increasingly are focusing their research toward fewer Web sites. This year, about one-third of respondents said they visited five or more manufacturer Web sites, down from 44 percent last year. The Web features they look for include pricing information, vehicle comparison capabilities, a full range of product information and vehicle configurators. And more than one-third say they are less likely to buy a specific brand or from a specific dealer if the desired features are not available.

- **Responsiveness and an effective Web site are essential to successfully selling in China:** China is an evolving and relatively immature automotive market, but a number of consumer behavior patterns are emerging. For example, Chinese consumers do an exhaustive amount of research prior to buying a vehicle, and because they are heavy Web users it may not be surprising that Chinese consumers are particularly sensitive when it comes to the response time they expect from companies to their online inquiries. Sixty-one percent of Chinese respondents expect to receive a response immediately or within one hour from a dealer or manufacturer.

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Review past editions dating to 1998 or search by subject at <http://cata.drivechicago.com/>

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At the Washington conference

By Ray Scarpelli Sr.

METRO CHICAGO NADA DIRECTOR

The estate tax, said NADA chairman William Bradshaw, at the 31st annual Washington Conference last month, **“remains the biggest roadblock to family businesses being passed from one generation to the next. If we don’t push, [reform] is not going to happen.”** By coming to Washington, dealers got an in-person opportunity to press senators to vote for legislation that would, among other things, raise the estate tax exemption to an initial \$5 million per individual and \$10 million per couple, and would lower tax rates for \$10 million-plus estates. (At press time, a Senate vote on the legislation was planned for sometime after the Senate reconvenes in November.)

Washington Conference speakers supported NADA’s push for reform. The estate tax “penalizes risk-taking and saving,” said keynote speaker Vice President Dick Cheney. Sen. Saxby Chambliss (R-Ga.), speaking at the DEAC Presidents Club reception, called the estate tax the “most un-American...tax that we have. We tell every American to work as hard as you can...and when you die, we take 55 percent.” And calls for change aren’t just coming from Republicans: Democratic Sen. Mark Pryor (Ark.) said he’d vote for a bipartisan reform bill.

Cheney opened his talk by praising dealers’ economic contributions. He and House majority leader John Boehner (R-Ohio) also thanked dealers for their community involvement.

Also at the Washington Conference:

- Mississippi dealer Bert Allen was honored with the first annual **NADA Capital Achievement Award** for his longtime grassroots work.

- Speakers supported a **Senate bill that would require insurers to make publicly accessible the VIN numbers of vehicles declared total losses.** Cars damaged in accidents or by natural disasters “are not only a threat to consumers, but a threat to dealerships from one end of the country to the other,” said Republican senator Mel Martinez (Fla.) (A similar House bill, H.R. 6093, was proposed after the conference. NADA encourages all dealers to contact their senators and representatives to ask them to cosponsor these important bills.)

- **Speakers opposed changing the last-in-first-out (LIFO) accounting procedure**, which can help a typical dealership defer hundreds of thousands of dollars in taxes. In April, Senate Republicans proposed repealing

LIFO. The plan was defeated, but may not be a dead issue.

- NADA continues to offer its **free, confidential telephone-based financial consulting service for all dealerships—the Lifeline consulting hotline.** For advice on improving your store’s operations and financial stability, call 888/672-5140 (9:00 a.m.-8:00 p.m. Eastern time, Monday-Friday). You’ll speak with one of NADA’s industry-leading 20 Group consultants or Dealer Academy instructors, all of whom have real-world experience in dealership operations. For more info on the Lifeline program, go to www.nada.org/lifeline.

- **Through November, NADA members can bring a manager or another attendee for free to one of the association’s seminars.** Offerings include “How to Maximize Profits in Your Used-Vehicle Operation” (November 7-10, Houston); “Jump-Start Your Service Department Profits” (November 13-17, St. Louis); and “Totally Trucks—Fast Track for GMs: Focus on the Financial Statement” (November 13-15, Tampa, Fla.). For a full seminar schedule, more details, and registration, go to www.nada.org/seminars or call 800.252.6232, ext. 2.

- **NADA is celebrating 100 years of the automotive franchise system this year.** The October issue of *NADA’s AutoExec* magazine traces the history of the U.S. retail auto industry.

- **NADA has also produced a 30-minute documentary, *The First Century: 100 Years of America’s Auto Dealerships.*** It’s included with the October issue of *AutoExec* and illustrates dealers’ “proud past and promising future.”

- **October is NADA’s Automotive Career Month.** If you’re hosting an event to introduce students in your community to dealership careers, NADA would like to know about it. If you have photos or video of your event, please contact Pam Broberg at pbroberg@nada.org or 703/821-7147.

- Online advance registration for the **2007 NADA Convention and Exposition in Las Vegas, Feb. 3-6**, is open through Dec. 22. Thousands of dealers and industry leaders have already registered, and several hotels, including the Mirage, Bellagio, Wynn, Paris, and Venetian, are sold out. To register online or download a registration form, visit www.nada.org/convention or call the convention department at 703-821-7188.

As always, let me know your ideas and concerns, so I can meet your needs as your NADA director.

No body shop? Don't worry about new SOS affidavit

Among paperwork in the 2007 dealer license renewal process, the Illinois secretary of state's office includes an affidavit for applicants to pledge their adherence to the Illinois Automotive Collision Repair Act. It is not necessary for dealers without a body shop operation to complete the affidavit.

Instead, dealers without a body shop can simply complete and mail all the other paperwork; dealers with a body shop must sign and submit the affidavit.

The written declaration is the result of a public act, effective Jan. 1, 2007, requiring that "(a)ll automotive repairers shall provide proof that they comply with all requirements of the Automotive Collision Repair Act."

The act attempts to help drivers of collision-damaged cars make informed repair decisions by making it standard practice for repairers to issue written estimates of any work and make other disclosures. The collision repair act is similar to the Illinois Automotive Repair Act, but with considerations for collision-damaged cars.

A link to the entire act is on the CATA Web site, <http://cata.drivechicago.com>. The link is under the Legal/Legislative category,

along the row across the top of the site's home page.

Sen. Terry Link (D-Vernon Hills) sponsored this year's Senate Bill 2233, which led to the new law. A spokesman for Link said the provision leading to the affidavit was spurred by the Springfield-based Alliance of Automotive Service Providers of Illinois.

The alliance represents about 150 "small, mom and pop operations scattered around the state," said Randy Witter, the group's lobbyist.

Witter said the AASPI sought the measure to combat body shops that failed to post signs or make necessary disclosures to their customers. He said the new affidavit increases the enforcement ability of secretary of state police.

"Ninety-nine percent of people who are diligent about getting the (repairer's) license and doing the right thing are going to do the right thing," Witter said.

The irony in Witter's assessment is that the 1 percent of repairers who are unconcerned about doing the right thing would not be applying for the license and therefore would not be signing the affidavit.

TMQDA

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Master Dealer Award/GM Mark of Excellence. He also ascended to national chairman of the Cadillac Dealer Council.

Shirey Cadillac was a frontrunner in establishing a Web site, and now more than half the sales of the dealership's Internet department are to out-of-state customers. All of the dealership's technicians are ASE-certified, and three are World Class Technicians.

Shirey is an activist and benefactor for Advocate Christ Medical Center and Advocate Hope Children's Hospital in Oak Lawn, and for St. Colleta's of Illinois Foundation in Tinley Park. Both the organizations are beneficiaries of the 2007 Chicago Auto Show's First Look for Charity event.

Conference

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unique to southwest Florida's Gulf coast.

The new venture by the Chicago Automobile Trade Association and the Illinois Automobile Dealers Association succeeds a previous annual incarnation between the IADA and the Missouri Automobile Dealers Association.

"We're very excited," said CATA President Jerry Cizek, "to collaborate with the IADA on an event that combines work and play."

See the flyer included in this newsletter for conference registration and trans-

portation costs. Payment can be made in full or in three monthly installments.

Sponsorship opportunities also exist for dealership vendor companies. Sponsors play an integral part in funding top-notch speakers, entertainment and receptions at a great facility.

"Don't miss this opportunity to join us for a little work, a little fun, a lot of camaraderie and some great recognition for your company," IADA President Peter Sander writes to potential sponsors.

Sponsorship inquiries should be directed to the IADA's Mike Healey, 217-753-0220.

Marketplace

General Manager Experience managing daily operations of all dealership departments, including New and Used vehicles, Finance, Aftermarket sales, Service, Parts, Body Shop and Financial administration in Ford Motor Co. and Daimler-Chrysler franchises. Thomas Hawkes, 708-790-1259.

Disclosure

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tal loss (i.e., damaged, flooded, stolen); and odometer reading on the date of total loss. None of the VIN-based data would include any personal identifiers protected by federal and state privacy laws.

"This is information that insurance companies already collect," said Stearns. He said Hurricane Katrina highlighted the problem of flooded and damaged cars being improperly sold.

Senate Bill 3707 also gives consumers more access to vehicle-loss data held by insurance companies.