



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 dropdown menu to CATA-DealersEdge Webinars.

Coming topics:

Thursday, July 28 at 12 p.m. CDT

“Effective Digital Marketing for Fixed Operations”

Almost every car dealer recognizes how important the Internet is to new and used vehicle sales. But many have not yet discovered just how important these same online assets can be to building your service and parts opera-

SEE **WEBINARS**, PAGE 2

New privacy rules require homework and training

Federal privacy rules are a potential minefield for dealers. There are several to keep track of, they require dealership training programs, and the fines for failing to comply can be hefty.

There are some new requirements beginning this month; others were revised or began to be enforced Jan. 1. The rules, chiefly under the Fair Credit Reporting Act and the Gramm-Leach-Bliley Act, cover dealerships’ handling of customers’ per-

sonal information, especially their financial information.

A dealership must tell applicants what action it took on their credit application within 30 days. If the answer is no, the store must send an Adverse Action Notice.

Beginning July 21, if the credit score is used in the decision to extend credit, this notice must provide a credit score disclosure with specific details, including which credit bureau was used and

SEE **REGULATIONS**, PAGE 3

Alleged ‘Bentley Bandit’ captured in La. after multi-state spree

A 22-year-old man wanted by agencies in seven states — and dubbed the “Bentley Bandit” by police — was arrested July 14 in Louisiana.

Police arrested Justin William Durbin in Sulphur, La., after a manhunt that allegedly included several jurisdictions and resources ranging from bloodhounds to helicopters.

The luxury car theft spree



Durbin

began in June when Durbin allegedly stole a Mercedes in Indiana.

On June 13, police say
SEE **BANDIT**, PAGE 2

Groupon forays into car vouchers

Online coupon giant Groupon this month launched its first effort to get into big-ticket retail, with a \$500 voucher toward a new-car sale at a Michigan dealership. But Groupon attracted only four buyers.

For \$199, LaFontaine Buick-GMC-Cadillac of Highland, Mich., offered customers a \$500 voucher toward a vehicle purchase. The four-day promotion enticed four consumers, two of whom ultimately bought a vehicle.

Deals offered through Groupon have to sell a minimum number of vouchers in order for the coupons to be valid. In LaFontaine's case, 10 customers needed to make the purchase during the original two-day sale offered July 12-13. The deal was extended after not seeing much traffic, but still only attracted four buyers. Although technically invalid, the dealership honored the vouchers for the two customers who showed up to purchase vehicles.

An Automotive News report proposed several reasons why the deal was a flop as opposed to other wildly successful Groupon sales. First, customers of daily deal sites are accustomed to hefty discounts, so consumers "may have dismissed \$500 off on a \$30,000 car as not enough." Also, most deals are offered on products that have a fixed price that consumers can verify. Milner said, "Consumers were skeptical, thinking the dealership would boost the price to offset the \$500 discount."

Groupon promotions need to sell well in order for retailers to break even, since they are losing money on the deep discount. The real payoff is if deal customers return to the business for future purchases.

Although the initial offering was unsuccessful, Groupon doesn't plan to give up on the big retail market. Groupon spokesman Chad Nason told Automotive News, "We'll look at what this deal did and tinker with what we can do in the future."

Bandit

CONTINUED FROM PAGE 1

Durbin then stole a Mercedes-Benz SL55 from the Mercedes-Benz dealership in Naperville. He reportedly took the vehicle for a test drive and just kept driving.

Durbin traded one Mercedes for another in Missouri. The most recent luxury vehicle theft was in Naples, Fla., where police say Durbin stole a 2007 Bentley worth nearly \$100,000. He affixed a separately stolen personalized plate to it that read CALL 911. Durbin wrecked the Bentley six hours before his arrest, the Associated Press reported.

Police say he was able to avoid capture by using stolen license plates and disposable cell phones.

When authorities found Durbin, they said he simply put his hands in the air and said, "It's me."

In Memoriam

John Gerald, who operated several namesake dealerships and served on the CATA board of directors, died July 12 at age 88.

Mr. Gerald and his brother opened their first dealership in Skokie in 1952. Two years later, DeSoto-Plymouth yielded to Lincoln-Mercury, and Gerald Motors of Skokie operated there until 1997. Mr. Gerald and his son Neil also opened Gerald Oldsmobile, Subaru, Nissan, Hyundai and Kia dealerships in Naperville and North Aurora.

Mr. Gerald served on the CATA board from 1971 to 1980, and was the 1973-1974 board secretary.

He is survived by his wife of 63 years, Shirley; son Neil and daughter Marilyn; and seven grandchildren. Donations appreciated to prostate cancer research at https://zerocancer.org/races/raise?form_id=Njl



Webinars

CONTINUED FROM PAGE 1

tions. Get online strategies that will draw in new service customers as well as bring existing customers back again and again. This is about a lot more than coupons!

Thursday, Aug. 4 at 12 p.m. CDT

"How to Understand & Benefit from Online Rating & Review Sites" When customers shop for cars, more often than not a dealership rating & review site will show up high on search results. How important are 5-Star ratings? Consider that 84 percent of car shoppers say online reviews influence their buying decisions, that 67 percent say they trust online reviews as much as a personal recommendation, and that customers are willing to pay more to buy from a dealership with a 5-Star customer rating. Find out what the best-rated dealerships are doing to earn 5-Star ratings.

The CATA Bulletin is published 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
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President, Publisher
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What does Generation Y really drive?

Car makers have been pursuing young buyers for decades but seem to have more misses than hits.

Supposedly youth-oriented models like the Honda Element, which was a hit with middle-age dog owners and empty nesters; and the Pontiac Aztek, which almost nobody liked, serve as recent examples of misreading what young drivers want.

But a few car companies have found the formula and have dominated the youth market recently, according to a new study. The top three most popular brands for car buyers from 18 to 27 years old, or Generation Y, are Toyota's Scion brand, Mitsubishi and Mazda, according to TrueCar.com, an auto industry research and forecasting company.

The survey looked at the purchases of more than 4 million car buyers from 2009 and 2010. Car makers pursue young shoppers in part because getting them represents an opportunity to develop early brand loyalty.

"Generation Y buyers are very important to automakers because they help set trends from popularizing social media sites such as Facebook or Twitter to technologies such as the iPhone and iPod," said TrueCar.com's Jesse Toprak. "It's also important for an automaker to get a young buyer into their vehicle from the beginning in hopes of continued loyalty to the brand."

Said Kristen Andersson, an automotive analyst for TrueCar.com: "Generation Y buyers want vehicles that look distinct and can be tailored to their individual tastes. Buyers from this generation are also looking for vehicles that have

| Rank | Make/Model | % Buyers 18-27 |
|--------|------------------------|----------------|
| 1 | Scion tC | 37.4% |
| 2 | Mitsubishi Lancer | 32.1% |
| 3 | Honda Civic Si | 23.4% |
| 4 | Toyota Yaris Sedan | 21.3% |
| 5 | Ford Focus Coupe | 19.3% |
| 6 | Scion xD | 19.1% |
| 7 | Volkswagen GLI | 19.0% |
| 8 | Subaru Impreza | 18.3% |
| 9 | Kia Forte | 17.9% |
| 10 | Toyota Corolla | 17.8% |
| 11 | Nissan Altima Coupe | 17.6% |
| 12 | Nissan Versa Sedan | 17.4% |
| 13 | Nissan Sentra | 17.1% |
| 14 | Hyundai Genesis Coupe | 16.7% |
| 15 | Volkswagen GTI | 16.5% |
| 16 | Subaru Impreza Wagon | 16.4% |
| 16 tie | Mazda3 Sedan | 16.4% |
| 18 | Honda Civic | 16.1% |
| 19 | Toyota Yaris Hatchback | 15.2% |
| 20 | Hyundai Elantra | 14.9% |

the technology features they are accustomed to built into the vehicle at an affordable price."

The MSRPs of the models successful with young buyers range from \$13,915 for the Toyota Yaris Sedan to \$25,365 for the Volkswagen GLI.

Regulations

CONTINUED FROM PAGE 1

the high and low range of scores.

Other changes

Also changing on July 21: The Risk-Based Pricing Notice given to customers who get credit on unfavorable terms must disclose their credit score. But few dealers use that form, instead giving a Credit Score Disclosure Notice to all credit applicants—an alternative recommended by Paul Metrey, the National Automobile Dealers Association's chief regulatory counsel for financial services, privacy and tax. Metrey recommends that dealers now should use the model forms for both notices published by the FTC in early July.

Notably, the Federal Reserve Board and the Federal Trade Commission generally stated in the final rule that dealers who do not obtain credit reports may nevertheless be deemed to use credit reports for the purposes of the RBPR if they forward a credit application to a finance source that uses a credit report as part of its underwriting process.

Consequently, the agencies have formally determined that dealers who meet these requirements must comply with the RBPR, even though they never order or review credit reports.

Although not entirely clear, the Fed appears to take the same approach regarding whether dealers who do not order credit scores nevertheless use credit scores in taking adverse action.

Therefore, such dealers should discuss with their counsel whether they should order credit scores so they can provide the new disclosures in their adverse action notices.

To help dealers meet the the latest regulation, the NADA has issued a new "Dealer Guide to Adverse Action Notices," explaining when dealers must issue an adverse action notice, what the notice must say, when dealers can rely on a finance source's notice, and other important issues.

The guide is available at www.nadauniversity.com. To access the guide, sign in or sign up for NADA University. Once you have logged in, visit the Resource Toolbox, select "Driven Management Guides," then "Legal/Regulatory."

Illinois Tollway launches campaign to update transponder accounts to new license plates

The Illinois Tollway is looking to new-vehicle dealers in the Chicago market to help tell I-PASS customers about the need to update their license plate information when they purchase a new vehicle.

Despite the Tollway's best efforts to educate customers of I-PASS—people with a transponder that allows them to go through open road tolling lanes without stopping to pay—many motorists are becoming violators on the Tollway system.

I-PASS customers, who number more than 3 million, have a responsibility to keep their account information updated. And yet:

- More than half of all violations on the Illinois Tollway are from I-PASS customers.
- Of those, more than 80 percent are due to the license plate information not being up-to-date on the account.
- More than 700,000 violation notices are sent each year to I-PASS customers who don't update their account information.

"The best time to educate drivers about the importance of updating their I-PASS account is when they are dealing with their license plate or vehicle," said Illinois Tollway Executive Director Kristi Lafleur. "Auto dealers are uniquely qualified to assist the Tollway with this important initiative."

I-PASS transponders are tied to license plates. Most violations incurred by drivers with I-PASS are attributed to missing or incorrect license plate information. If the plate is not listed or is

listed incorrectly, a violation can occur. The Illinois Tollway also is partnering with the Illinois Secretary of State and other retail outlets on this important initiative.

"Clearly, the Tollway needs to do a better job educating its I-PASS customers about how to keep their accounts up-to-date and avoid violations," Lafleur added. "Getting a violation notice from the Tollway is unpleasant, at best, and it is something the agency is working hard to prevent."

At no cost, the Tollway will provide auto dealers with information cards, posters, fliers, TV spots or other materials to educate drivers about this important message. For example:

- Information cards can be included in new car packets
- Fliers can be posted in finance manager offices and in customer waiting lounges
- Key chains can be created and distributed that feature the "Avoid Violations: Update Your Plate." message
- Window decals can be created to post on new car windows as a reminder to customers

"We believe your customers will appreciate this information, which can help them save time, headaches and, most of all, money," Lafleur said. "Ultimately, the goal is to get more Tollway customers to update their I-PASS accounts so that violations do not occur."

For more information or to request materials, contact Kelsey Austin at the Illinois Tollway at (630) 241-6800 ext. 2391.

Cambridge deflects unemployment claims

One hundred thirty-five CATA dealer members reported a combined 606 unemployment claims during the second quarter of 2011 to Cambridge-Sedgwick, which has been serving CATA dealers under various names since 1979. The company's efforts saved those dealers a total of nearly \$1.03 million in benefits by contesting the claims.

Cambridge-Sedgwick monitors any unemployment claims against its clients and contests all unwarranted claims and charges. The company counts about 250 CATA dealers among its clients.

Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between 0.7 percent and 8.4 percent of each employee's first \$12,740 in earnings. The 2011 average unemployment tax rate among Illinois employers is 3.8 percent, or about \$485 annually per employee (\$420 in 2010).

"With the downturn in the economy, unemployment remains at record highs (8.9 percent in Illinois) and a drain on the Illinois Department of Employment Security trust fund, markedly higher tax rates for 2011 and probably for a couple of years after that," said Paul Schardt, a Cambridge-Sedgwick senior vice president.

"The unemployment tax is really the only controllable tax, in that it's experience-driven," Schardt said. An ex-employee's claim affects the employer's tax rate for three years.

For new enrollees, client fees amount to \$2.60 per employee, per fiscal quarter. For the fee, Cambridge-Sedgwick monitors all unemployment claims; files any appeals; prepares employer witnesses for hearings, as necessary; represents the client at any hearings; verifies the benefit charge statements; and confirms the client's unemployment tax rate.

To discuss retaining the company, call Schardt at (773) 824-4325.

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