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Save the Date!

**The 2019 Babecue
for the Troops is
Saturday, July 13.
More details
coming soon.**

More surveillance tech to make cars less private

Americans have long considered their cars to be sanctuaries on wheels, but that won't be true for much longer. Car manufacturers soon will be adding radar and lasers inside the cabin to monitor any occupants and what they do, and that will mean even more personal habits being tracked.

Millimeter-wave radar is perhaps the most intriguing in-car detection tech, according to CNET, an American media website that publishes reviews, news, articles, blogs,

podcasts and videos on technology and consumer electronics.

The radar apparatus itself can be compact because its frequency is so high and therefore its emitted wavelength is short. Several examples show the device to be about the size of a card deck, enabling it to easily be mounted on the headliner of a car and look down at its cabin.

Texas Instruments has been showing carmakers how that view not only can detect objects in the vehicle but also

can classify them as an adult, a child or even a dog.

That same radar mounted inside a seat can detect small movements in the driver's body that, with enough computing power, can be translated into a reading of respiration rate.

Startup developer Caare-sys imagines its radar-based system monitoring the respiration and heart rates of everyone in the car, with a particular focus on sensing a child who might be hidden

SEE SURVEILLANCE, PAGE 4

Regulators want public's view on cars with no steering wheel, brakes

U.S. regulators will ask the public if robotic cars should be allowed on streets without steering wheels or brake pedals as they try to set the first legal boundaries for their design in the world's second largest vehicle market.

The U.S. National Highway Traffic Safety Administration has delayed action for 15 months on General Motors' request to deploy a limited number of vehicles on U.S. roads without steering wheels or other human controls such as a brake pedal.

In GM's petition, NHTSA will for the first time compare a vehicle in

which all driving decisions are made by a computer versus a human driver. NHTSA called it "an important case of first impression," presenting "novel and important issues."

The decision to move forward comes amid heightened concerns about automated piloting systems in vehicles and aircraft.

A fatal 2018 accident involving a self-driving vehicle operated by Uber Technologies and two deadly plane crashes involving highly automated Boeing 737 MAX airliners have put a spotlight on the ability of regulators to assess the

safety of advanced systems that substitute machine intelligence for human judgment.

NHTSA also is seeking public comment on a separate petition by Softbank Corp.-backed driverless delivery startup Nuro to deploy a limited number of low-speed, highly automated delivery vehicles without human occupants.

For example, Nuro, which partnered with Kroger Co last year to deliver groceries, seeks approval not to include a windshield in the vehicle.

The petitions want exemptions from
SEE NHTSA, PAGE 3

Remember that the right culture creates awesome dealerships

For dealers who have been selling cars for more than 25 years, they started 10 years before Facebook or Twitter appeared on the scene, and nearly 20 years before Instagram.

To go back even further, in 1990 the first web page was published over the internet, something mysteriously called the World Wide Web (cue “Twilight Zone” music). By 1996, the internet had more than 10 million users. Today, it’s estimated in excess of 4 billion.

That Memory Lane refresher serves as a reminder that selling cars today is unlike what it was just a quarter century ago.

Granted, said David Adcock, the executive vice president of Binary Auto Solutions, a leading provider of customized programs for dealerships, most dealerships are all-in with digital marketing. They maintain websites, post inventory on multiple third-party sites, follow industry recommendations for search-engine optimization and so on.

Certainly, those all are smart things to do. But those actions are technological and mostly tactical in scope.

The basics of the business haven’t changed: Sales-

people still greet and qualify customers and conduct walk-arounds the same. But the way salespeople differentiate themselves needs to evolve. They still block and tackle the way they’ve always been taught, but now they need to run the play a little differently.

One way to run the play differently starts with culture, by answering a simple question: Does the store’s culture satisfy the needs of today’s workers and customers, or is it stuck in the past?

Solving the culture problem

It’s probably unrealistic for a car dealership to model its culture after technology companies such as Google or Facebook. Part of what passes for culture in those enterprises might be better described as perks, from foot massages to free lunches to open work spaces. But that’s not what’s important in a dealership or to car buyers.

So, what is culture in a dealership? According to Great Place to Work, “Culture is the pervasive beliefs and attitudes that characterize a company. In a great company culture, employees trust leaders, have a sense of pride in their work and enjoy their colleagues – and the

culture serves the strategy.”

Yet as a business topic, culture can seem overwhelming. Conducting a Google search on “company culture,” might lead to surprises with how many hits it leads to (hint: a lot). Here are four steps toward creating a culture to fit today’s expectations:

1. Define Simply put, culture is your dealership’s personality. Do what it takes — hold offsite meetings, brainstorm, bring in a consultant — to agree on a common definition of the dealership’s culture before trying to implement it.

Is teamwork more important than individual accomplishment? Is the store price-driven or value-driven? (Tip: Be value-driven.) Does the dealership bring together the best of traditional and innovative technology? A good place to start is by identifying three to five of the company’s core value propositions.

2. Promote Once the culture is identified, don’t stop there. Promote it daily in every way, and not just with colorful posters. Consider forming a committee to champion the culture or assign someone the role of supervising its execution.

Create a mantra that captures the culture. Remember the mantra from the popular TV show “Friday Night Lights”? “Clear Eyes, Full Hearts, Can’t Lose.” Make sure the culture is present in the store and appears not only on the website, but across the lot, from car stickers to hanging banners.

Don’t overlook training. Yes, employees should be trained for culture. And not just once. Otherwise, whatever is expected will not be happening. Train on the culture as often as is needed to ensure it weaves itself into the fabric of the staff’s daily activity.

3. Reward If superior service is part of the culture, find a way to reward the service team for excellent contributions. If helping others is a core value, then acknowledge employees who volunteer after-hours or who assist co-workers or customers. If innovation is important, reward those who suggest practical ways to make the business more efficient.

The reverse is equally true: Train those who may not be living up to the promise of the culture. After all, actions speak louder than words.

Marketplace

Bids will be accepted until April 30 to purchase a bankrupt Nissan dealership and lease the land in Schererville, Ind. A completed dealer application must accompany any bid. Accepted bidders will be invited to a live auction on May 21 to determine the winning bid.

For more information, contact Mike Shanahan at (317) 839-4240 or Mike@IndianaDealerCounsel.com.

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Today's credit-challenged car buyers differ from yesterday's

Today's credit-challenged auto consumers are different from the ones during the recession of a decade ago, said Lou Loquasto of credit-tracker Equifax.

"The customer with a 550 credit score now is not the same as the person with a 550 score when the housing market collapsed and they were affected by it," he said. "Today, a person with that score has a systemic difficulty" as a borrower. It's not a victim of circumstances who got hit with an unexpected financial blow.

But that doesn't mean auto lenders should automatically decline latter-day subprime people, Loquasto, Equifax's auto finance leader, said at the recent American Financial Services Association's annual vehicle finance conference.

"Ninety percent of people, when given a second chance, made good on that second chance," Loquasto said. "But we need to know everything we can know about that customer."

That includes full technology-driven credit checks and a greater use of alternative credit data, such as phone and utility payment histories, rather than relying only on traditional credit-bureau information.

'90 percent of people, when given a second chance, made good on that second chance.'

Lou Loquasto, Equifax

"If," Loquasto said, "we are going to set up subprime borrowers to succeed, we need to know the real picture."

Loquasto was among conference panelists who discussed the state of auto lending, including its current competitiveness.

"The competitiveness of the market is extraordinary. When banks compete, consumers win," he said.

As interest rates go up — and they are expected to this year — so too will competitiveness among car lenders, said Alex Lowy, an account associate at Moody's Analytics.

Outstanding U.S. auto loans currently total \$1.3 trillion, an all-time high. A reason for that is that consumers are moving to more expensive vehicles, such as CUVs and SUVs, according to Mike Stanton, the NADA's executive vice president and chief operating officer. "We expect that shift to continue," Stanton added.

Another reason stems from the

higher costs of vehicles in general as they become equipped with expensive advanced technology. The higher prices concern the NADA.

With the average vehicle transaction price exceeding \$35,000, "affordability is a big issue," Stanton said. "Are we pushing prices up so high, the average consumer can't afford them?"

Many shoppers scared off by rising new-vehicle prices end up buying used vehicles. Dealers are fine with that; they're not fussy about whether they sell a new or a used car. But a consumer onslaught to dealership used-car lots stands to adversely affect automakers, Stanton said.

Those higher vehicle prices factor into longer-term auto loans. Moreover, those 72- and 84- month loans are "a byproduct of a competitive market," said Thomas Murphy, an executive vice president at Wells Fargo Bank.

Some dealers as indirect lending middlemen "do a good job with extended terms; some don't," Loquasto said, referring to whether the longer loans turn out good or bad. "You can see the difference in loan performances."

NHTSA

CONTINUED FROM PAGE 1

U.S. vehicle safety rules largely written decades ago that assume human drivers would always be in control of a vehicle.

NHTSA wants input on a detailed list of questions about the issues surrounding deploying vehicles without human controls.

NHTSA said it will accept public comments for at least 60 days.

GM has said it hoped to deploy the vehicles by the end of 2019 but was unsure if it will win regulatory approval by the end of the year since 15 months have elapsed without any NHTSA decisions.

GM spokesman Patrick Sullivan said March 15 that the company's "plans have not changed. We are still seeking approval for the petition."

GM said it would initially limit the speed of the test fleet of no more than 2,500

modified Chevrolet Bolt electric vehicles as part of a GM-controlled on-demand ride-sharing fleet, likely to be based in San Francisco.

GM must demonstrate the vehicles are at least as safe as human-driven vehicles to win temporary exemptions from the requirements.

Congress failed in 2018 to pass legislation to speed the deployment of self-driving cars on U.S. roads after the Uber crash.

Last October, NHTSA

said it was moving ahead with plans to revise safety rules that bar fully self-driving cars from the roads without equipment such as steering wheels, pedals and mirrors but acknowledged it could be a lengthy review.

Alphabet Inc.'s Waymo unit late last year launched a limited autonomous ride-hailing service in Arizona for the general public with no human driver. Waymo's vehicles have human controls and a safety driver.

How lenders staying compliant improves customers' experiences

There are many good reasons for a financial institution to comply with current lending regulations. Nobody wants to pay hundreds of thousands of dollars in fines or earn a reputation as someone who takes advantage of consumers.

Not least of all, good lenders feel an ethical obligation to follow the law and treat customers fairly, simply because it's the right thing to do.

Ever-changing federal, state, and local regulations mean lenders should never let down their guard or get lazy with their

compliance procedures.

In fact, the trend among regulators has been increased scrutiny when it comes to lending practices, and more aggressive enforcement when violations are found, so staying on top of the industry's countless rules and regulations is more important than ever.

Compliance as customer service

Perhaps the most important reason to emphasize compliance is that it fundamentally enhances the customer experience. A lender can boost customer satisfaction

by having a solid, robust compliance management system (CMS) in place to help streamline the financing application process.

More automation means fewer errors and less hassle for the borrower — improving their experience and increasing the likelihood of the loan being closed.

Another strategy is to partner with vendors that specialize in areas where compliance can be especially complicated or time-consuming, such as extended warranties, vehicle service contracts, and collateral

protection insurance.

Leaving the details to experts and letting them assume some of the risks can relieve part of the compliance burden and allow staff to focus on better serving your customers.

Trust turns to satisfaction

Stringently following all rules and regulations consistently over time, and even going above and beyond what's required, builds a reputation as a lender that consumers trust.

It doesn't take many missteps, even unintentional ones, to break that trust,

and in the social media world of today, every mistake has the potential to become extremely visible. Therefore, prioritizing compliance efforts just makes good business sense.

It also provides a lower-stress, more positive transaction for buyers — something they will tell their friends and family about and will remember when they're in the market for another vehicle.

Ultimately, consumers buy from people they trust and businesses with whom they've had a great experience.

Surveillance

CONTINUED FROM PAGE 1

from view in the back and potentially left behind in the car.

Unlike other smart sensing scenarios, such as an Amazon Go store where cameras dominate, car interiors are cramped and filled with obstructions like seats. Radar has the benefit of being able to see through a lot of things that block a camera's view.

And while much of the current work is aimed at human-driven cars, the same radar technology could detect passenger orientation in future self-driving cars, which may not always be facing forward. Airbags and other passive safety systems could use smart radar sensing to configure themselves in a crash based on who is facing which direction.

Even biometrics that aren't necessarily gathered by the car can be used

to monitor occupants. Everyone has a unique ECG/EKG signature that can be used to unlock a car or monitor people's conditions while driving. That heart pattern could be tracked for the car's processors by sensors in the steering wheel or via a smartwatch.

Not all car-cabin radar is about people's bodies and faces: Vayyar is working with auto mechatronics company Brose to sense obstacles in the path of a car door, including nearby poles, walls, cyclists or other parked cars, and then block the door from opening too far via a limiter. That's bad news for paintless dent-removal guys, but great news for cyclists who live in fear of being doored.

Radar is far from the only game in town, though. Cameras already are used in a few cars to monitor a driver's gaze and eye state for inattention and drowsiness.

The Cadillac CT6 pushed that en-

velope with its Super Cruise partial autonomy that watches the driver's face to determine if she is looking away from the road for too long. A huge number of similar applications are about to arrive from Mazda, Hyundai, Kia, BMW and autonomous EV startup Byton.

Joining cameras in the car may be vertical-cavity surface-emitting lasers (VCSEL), the same tech that powers Apple FaceID. Makers such as TriLumina are showing how it can tell an occupant's state, identity and maybe even intent.

Finally, there's gesture control, which today is little more than a parlor trick, sensing only a few big, coarse gestures that don't even work half the time. But Google's Project Soli recently won FCC approval to use millimeter-wave radar to pick up fine gestures with a level of nuance that finally could liberate controls from screens, knobs and voice in a way that is better, not just amusing.