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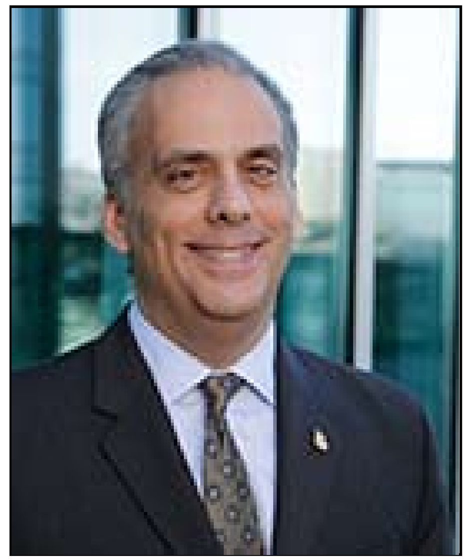
Scarpelli elected 2016 NADA vice chairman



Mark Scarpelli

Mark Scarpelli's fellow directors of the National Automobile Dealers Association this month elected him the association's 2016 vice chairman. Scarpelli, principal of Raymond Chevrolet and Kia in Antioch, will assume the office at the next NADA Convention & Expo, March 31-April 3 in Las Vegas.

"I am honored to represent the NADA and the new-car dealers across America," said Scarpelli. "I welcome the opportunity to help represent this great industry as NADA vice chairman."

His election makes Scarpelli the presumptive chairman of the NADA in 2017.

Jeff Carlson, a Ford and Subaru retailer in Colorado, is the incoming NADA chairman. Other new officers are Delaware dealer Bill Willis, secretary; and Neale Kuperman, of New York, treasurer.

An NADA director since 2011, Scarpelli currently is chairman of the board's industry relations committee. He has served as chairman of four other NADA committees: dealer operations, public affairs, regulatory affairs, and convention.

Scarpelli was a director on the CATA board of directors from 2001 to 2010. He became chairman of the board in 2007-2008 and was chairman of the 2009 Chicago Auto Show.

He is active in his community, serving as a member of the Antioch Rotary Club, and as a director since 2003 with the Better Business Bureau of Northern Illinois, and as a director since 2006 with State Bank of the Lakes, a Wintrust community bank in Antioch.

Scarpelli also has won numerous awards and accolades, including GM's Mark of Excellence Award, in 2010 and 2011; Antioch Community High School's Make a Difference Award, in 2008; the Forefronts Award from Lakeland Media, in 2005; and recognition in 2006 from the Boys & Girls Clubs of Chicago.

Ill. secretary of state warns of flooded cars from South Carolina

Following historic flash flooding this month across South Carolina, the Illinois Secretary of State's office said Oct. 13 that it will scrutinize vehicle title applications for cars from that state.

All applications for clean titles with surrender titles from states impacted by natural disasters will be reviewed on the National Insurance Crime Bureau's database, to determine if a vehicle is listed among known flood-damaged vehicles. If the vehicle is not on the NICB database, an application will be further reviewed to determine if the vehicle was registered in a flood county.

If the vehicle is not listed on the NICB database but was determined to be registered in a flood county, the applicant must submit a Natural Disaster Disclosure Statement to obtain a clean Illinois title. But any applicant unable or unwilling to complete and sign the form will receive an Illinois flood title only.

And, If the vehicle appears on the NICB database as a known flood-damaged vehicle, the vehicle will be issued an Illinois flood title only, according to a notice from the secretary of state's vehicle services department.

Rainfall across parts of South Carolina this month reached 500-year event levels.

4 tips for marketing cars to Millennials offered by MediaPost

By Melanie Davis
MediaPost Communications

Coming of age in the Great Recession and burdened with unprecedented amounts of student loan debt, Millennials are known for delaying adulthood. This generation, born roughly between 1982 and 2000, is more likely to live with their parents, stay in school longer and put off major purchasing decisions, such as buying a car.

But as Millennials grow older, those pent-up major life decisions will happen, and smart marketers know this is not a generation to be ignored and, frankly, is a generation that can't be ignored.

According to J.D. Power & Associates, Millennials accounted for 27 percent of new-car sales in the United States last year and have passed Generation X to become the second-largest group of new car buyers after Baby Boomers.

This year, Millennials surpassed Gen Xers to make up the largest generation in the American workforce, and by 2020, they're expected to make up half of it.

They have an average annual income of $33,883 and about $1.3 trillion in annual buying power. As this generation continues to age and advance in their careers, their buying power will only continue to increase.

I work with the top marketers and advertisers in the Motor City. Below are a few tips on how automotive marketers can reach this generation:

Keep Up with Digital Demands

Millennials are the first generation to grow up with the Internet, and smart marketers know that to reach them, you must connect digitally. A BCG Study on Millennials found that more than half use their mobile devices on social to "like" a brand, 35 percent share links about products on LinkedIn and 32 percent said they follow brands on Twitter. Another study from Accenture found 78% of consumers will visit at least six websites or more first before purchasing a car.

Additionally a recent study from the Pew Research Center found among younger Millennials, 92 percent go online daily, with nearly a quarter reporting using the Internet "almost constantly." Digital marketing is not a recommendation, it is a necessity.

Maintain active and strategic social media pages with relevant content and a clear call to action to promote engagement. Unique, sharable experiences are key. Make sure your landing pages are optimized for mobile and quick to load. Stay current on the latest trends, new emerging social media platforms, apps, video games and real-time marketing opportunities to foster brand engagement.

Multicultural Matters

A different study from the Pew Research Center found Millennials are the most culturally diverse generation to date. Help them to see themselves in the vehicles you're trying to market by sharing images and messages that reflect who they are.

Instead of a blanket approach, create targeted marketing campaigns tailored to appeal to smaller segments within the generation. Make sure your marketing materials are as diverse as they are. And understand that equality matters to them and is an important quality they seek in brands.

Be Socially Responsible

According to the BCG Study, nearly half of Millennials said they try to use brands that actively support social causes. Moreover, the study found Millennials place more importance on the values brands represent and less on the actual product, compared to previous generations.

In addition to highlighting the features of the cars you're trying to sell, showcase your company's values and good work for outside causes. This could mean highlighting your company's CSR or philanthropic efforts.

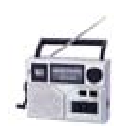
When making a major purchase such as a car, Millennials will respond better knowing they're supporting a company that's doing good in the world.

Make it Personal

According to Millennial expert Lindsay Pollock, who spoke to our club directly last year, this generation values individuality and enjoys products that reflect their unique personalities. For car marketers, this means showcasing customizable options that allow users to make their vehicles their own.

While offering choices in color, technology, fabric and safety are the norm, the messaging to advertise these choices should emphasize a value on individuality and demonstrate a recognition that the person buying the car is exactly that — an individual person.

Tune in …



. . . to "Drive Chicago," the CATA's automotive radio show, 8-9 a.m. Saturdays on WLS-AM 890.

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Electric vehicle leasing activity 'slips' to 75%

Excluding Tesla, lease penetration in the EV market is 75 percent in 2015, a decline from above 80 percent in 2013 and 2014. Back in 2011, leasing represented just 27 percent of the overall market. (Because Tesla does not use a traditional dealership model, its leasing data is not shared with auto industry trackers such as Edmunds.com.)

Leasing penetration in the EV market is far higher than in the car market overall. Leasing penetration across all cars is at 28 percent. In the luxury-car market, where leasing is much more common, leasing penetration is at 49.5 percent, according to Edmunds.com.

The range on most EV models is so low — less than 85 miles per charge, excluding Tesla's Model S — and the technology accelerating so quickly, that it does not make sense to make a long-term commitment, creating a scenario much like wanting to upgrade a smartphone every two years.

But battery technology continues to improve for year-to-year model editions. The range of EV batteries has improved by about 5 to 10 miles per year, according to ChargePoint, an EV charging station infrastructure company. Within the next couple of years, it expects to see mid-priced EVs with a 200-mile range. Manufacturers know this and offer attractive leases.

As of this month, seven EV models offer leasing deals of less than $200 per month for 36 months. Conversely, the Tesla Model S 70D leases for $838 a month.

Tesla does promote leasing on its website, but the impetus is more likely the popularity of leasing among luxury car buyers, the market which Tesla existing models target, and the fact that Tesla buyers are also typically early adopters and tech fanatics, always wanting the newest and best technology. Leasing a car — and not just a Tesla, but any luxury high-tech car — allows Tesla enthusiasts to benefit from the technology cycle at the end of a lease term. Tesla leasing payments, though, will be significantly higher. The company's estimates that a monthly payment for a Tesla Model S with a base price of $75,000 leased in California would be more than $900.

Tesla declined to provide leasing details, citing its policy of not breaking down sales data for external use.

Anil Goyal, vice president of automotive valuation and analytics at Black Book, a vehicle appraisal data company for the automotive industry, said Tesla just began leasing last year and there are signs it is growing — Tesla was able to bring in U.S. Bank to be its partner on lease financing, where previously it handled leasing on its own.

"In the beginning no bank was coming forward to do it but when the market started growing they could get a partner," Goyal said. He said an educated guess of how much of Tesla's sales are leased would be 30 to 40 percent. That's based on the fact that it's a luxury car (where leasing penetration is 50 percent) but an EV that does not face the mileage concerns of all the other EVs having the range of a conventional gas vehicle (where leasing is at 27 percent). He also said that unlike most EVs, where retention value is very low, retention on Teslas has been strong. "Teslas don't behave like other EVs," Goyal said.

Because the federal and state tax credits go to the owner of the car — in the case of a lease, the finance corporation — dealerships reduce the price of the lease. Goyal said a major reason leasing is an attractive option with EVs is because between the sale price, residual value of car — how much it will be worth at the end of a lease term, which is a factor in calculating the lease payments — and manufacturer's incentives, federal and state tax credits are rebates, dealerships are able to offer compelling monthly lease terms.

Manufacturers will offer these incentives strategically around factors such as week-to-week sales and delivery schedules. In March, Fiat dealers in California received fresh shipments of 500e models and began a limited-time offer for a $2,100 discount on the $32,000 MSRP. When combined with the $7,500 federal tax credit and California's $2,500 state rebate, the down payment for the 500e cost eagle-eyed buyers $1,000 down and $82.75 per month for a 36 month lease. That rate pays off almost at once as monthly gas prices cost the average internal combustion owner more than $100 each month.

Currently, the Nissan Leaf is offering $5,000 cash and, for those who want to buy, zero percent financing. Edmunds.com keeps tabs on all car incentives and rebates.

EVs prices, in general, remain too high for buying to make sense, when taking into account lack of confidence on the part of car shoppers about the future value of the car, fears about length of battery life, and anxiety about mileage range becoming outdated quickly when new models arrive.

"Typically, you would have about 40 to 50 percent retention from three years after a vehicle is new. EVs are only at 25 to 30 percent retention from their original price, even after factoring in the $7,500 federal incentive," Goyal said.

An EV that started out $15,000 more expensive than a conventional car would be valued about the same as that conventional car three years later.

Self-parking tech vs. drivers: Guess who wins?

Americans don't trust self-parking technology. Maybe they should.

Some 80 percent of American drivers are confident in their parallel parking abilities, according to a survey by AAA. But the organization found in a series of tests that self-parking technology outperformed manual parkers in number of curb strikes and maneuvers, speed, and accuracy. Drivers lost out even though they had help from a standard back-up camera in the car.

AAA tested self-driving features on five 2015 model vehicles: Lincoln MKC, Mercedes-Benz ML400 4Matic, Cadillac CTS-V Sport, BMW i3, and Jeep Cherokee Limited. The testing found drivers who used self-parking systems experienced 81 percent fewer curb strikes and were able to complete the task 10 percent faster than drivers who did it themselves.

Self-parking systems parallel parked the vehicles using 47 percent fewer maneuvers, with some systems completing the task in as little as one maneuver, according to AAA.

But self-parking technology is not issue-free. AAA found that some systems parked the vehicles exceedingly close to the curb, which left wheels and tires vulnerable to scratches and costly repairs. Some systems left as little as a half-inch buffer. AAA recommends drivers leave 6 to 8 inches between the vehicle and the curb when parallel parking.

And even if self-parking technology might do a better job, some drivers just aren't ready to give up control of the wheel. Only one in four drivers who responded to the AAA survey said they would trust the technology to park their vehicle.

Therein lies the conundrum for automakers, which are under industry pressure to add ever more technology to their new vehicles. In-vehicle technology is big business — about $14.5 billion in projected revenues in 2015 alone, according to the Consumer Electronics Association.

And yet, consumers are wary of a lot of the tech that's being added to vehicles. In some cases, consumers apparently are so repulsed by certain technology that they don't want it in their next car.

A J.D. Power survey released in August found that at least 20 percent of new-vehicle owners have never used 16 of the 33 technology features measured. In the survey, 39 percent of the respondents said they don't want an automatic parking system in their next car, although 82 percent said they would like parking assist, which still gives the driver manual control.

In short, there is a significant gap between the technology available in cars today and people who actually want to use it. In some cases, it is a lack of trust in the technology (or seen another way, a greater confidence in our own abilities). In other cases, consumers just don't see a need for the technology.

Either way, the hesitation toward today's technology foreshadows the challenge that automakers face to convince people to give up all control and jump into a self-driving car.

Google and Apple, among others, already are testing self-driving cars. The technology isn't the problem; confidence in it will be.

Marketplace

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Sedgwick deflects Q3 2015 jobless claims

One hundred sixteen CATA dealer members reported a combined 589 unemployment claims during the third quarter of 2015 to Sedgwick Claims Management Services, Inc., which has been serving CATA dealers under various names since 1979. The company's efforts saved those dealers a total of $682,874 in benefits by contesting the claims.

Sedgwick CMS monitors any unemployment claims against its clients and contests all unwarranted claims and charges. The company counts about 265 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 .55 percent and 8.15 percent of each employee's first $12,960 in earnings.

The 2015 average unemployment tax rate & new employer rate for Illinois employers is 3.75 percent, or about $486 annually per employee ($512 in 2014). The rate continues to inch down from 2007, as the Illinois economy continues to improve.

"The unemployment tax is really the only controllable tax, in that it's experience-driven," said Paul Schardt of Sedgwick. 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, 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 or Bruce Kijewski at (773) 824-4322.