Volume 113, No. 19 September 26, 2016

Social media use during new-car shopping process increases: study

Consumers who use the internet during their new-vehicle shopping process are increasingly turning to social media websites as a source of information, according to a study released Sept. 15.

The J.D. Power 2016 New Autoshopper Study analyzes how new-vehicle buyers use digital devices—tablets, smartphones and computers—to gather information prior to purchase, as well as which websites and apps they use during the shopping process. The study also examines which types of content new-vehicle buyers access during their shopping process and which content they find most useful.

Among automotive internet shoppers, 22 percent use a social media site as a source while shopping for their new vehicle, up from 16 percent in 2015. The most popular social media sites used by auto internet shoppers during the shopping process are YouTube (13 percent), DealerRater (7 percent) and Facebook (5 percent).

"Social media plays a large role in many consumers' lives, so it's not surprising that it's one of the tools they're using during the vehicle-shopping process," said Mike Battaglia, a J.D. Power vice president. "While we would not expect social media sites to compete head-on with designated auto shopping sites like Toyota.com and Kelley Blue Book, it's easy to understand the role and relevance social plays in the automotive shopping process."

Among automotive internet shoppers who use social media, only 13 percent indicate that the information posted on social media sites influenced their purchase decision, and only 2 percent say a social site was the "most useful site" they visited.

See **Social**, Page 4

Buyers with good credit turning to used vehicles

Car buyers with the best credit records are shifting gears, with more of them taking out loans for used vehicles instead of new ones. That's one of the findings of the latest report on auto loans by Experian Automotive, released this month.

"One of the biggest trends we continue to see is the shift into used vehicles by customers with excellent credit," said Melinda Zabritski, senior director of automotive finance for Experian.

In the second quarter of this year, 43.3 percent of consumers with the highest credit rating who took out an auto loan, did so to buy a used vehicle. That's 10 percent more than the same time a year ago.

Meanwhile, 59.9 percent of consumers with prime credit ratings (one grade below super prime) borrowing to buy a car, truck and SUV in the second quarter, also chose a used vehicle. That's a 6.6 percent increase over the second quarter of 2015.

Why are more consumers with the highest credit scores turning to used vehicles instead of buying new ones? Perhaps it's because new vehicle prices have surged to new highs with the average transaction price in August topping $34,000 according to Kelley Blue Book.

As a result, the average amount borrowed for a new vehicle has steadily climbed higher, hitting $29,880 in the second quarter, Experian reported.

By comparison, the average auto loan for a used vehicle was more than $10,000 lower at $19,101.

"As vehicle prices continue to rise, savvy consumers are looking for ways to control costs. That appears to be pushing more customers toward used vehicles,"

See **Credit**, Page 2

Women in majority as car buyers, but not as dealership employees

Women influence 85 percent of overall buying decisions in North American households, "effectively becoming the family's chief purchasing officer," said Jody DeVere, chief executive of AskPatty.com.

Women purchase 65 percent of new vehicles and the same percentage of service work done at dealerships.

Yet many women aren't particularly comfortable as consumers at dealerships.

Jennifer Libin is trying to change that. So is Lisa Copeland.

Libin is the sales director for Automotive Profit Builders, a consulting firm in Massachusetts. Copeland is managing partner of Fiat Austin (Texas) who considers herself more in the people business than the car business

"Clearly, women are the primary financial decision makers," said Libin. "Yet many car salespeople still don't get it."

Here's her list of what women want when buying a vehicle:

- Information so they can make informed decisions.
- Courteous treatment and respect for their time.
- Salespeople who are honest and take a sincere interest.
- A simple and straightforward car-buying process.

"Give women the same respect, information and treatment as any other customer seeking to purchase a vehicle," Libin said.

Copeland has created a website, Buying CarsHerWay.com, which offers tips to women on topics such as car buying, negotiating and vehicle ownership. It includes blogs and videos. Its point is to empower women consumers.

She said she learned from "the old-way guys" what not to do as a dealership manager. She's keen on employee satisfaction as well as customer satisfaction.

Copeland employs a lot of women and millennials, a mix that reflects the demographics of the store's customer base.

Although women comprise the car-buying majority, they are in the car-selling minority. The dealership world is less of a male domain than it once was, but men still make up the majority of staffers, according to the National Automobile Association's Dealership Workforce Study.

Women make up 18.5 percent of dealership employees, says the study. Eight percent of women were employed in key positions; 91 percent in office and administrative posts.

"Diversity is important," said Camilo who hires staffers to reflect her store's customer base.

One woman holding a key dealership post is Evelyn Camilo, general manager of Germain Toyota of Naples, in southern Florida.

Her store employs all sort people. "Diversity is important," Camilo said. The store trains the staff to engage with people of different ages and ethnicities.

Part of the store's daily 15 minutes of staff training includes how to work with customers who are different than you are.

Credit

Continued from Page 1

Zabritski said.

In fact, Experian said used vehicles accounted for 55.6 percent of all auto loans written in the second quarter, a new record high.

The quarterly report on auto loans showed a continuation of many of the trends that have anchored the growth in auto sales since 2009.

For example, the average monthly payment for a new-car auto loan was $499, up $16 compared to the second quarter of 2015.

At the same time, used-vehicle buyers' monthly payment climbed above $400 to an average of $404, according to Experian.

Experian said there was an increase in 30 and 60 day delinquencies on auto loans where consumers failed to make their monthly payments. About 2 percent of all auto loans were 30 days delinquent in the second quarter, up from 2.16 percent in 2015. 60 day delinquencies climbed from 0.56 percent of all auto loans in the second quarter of 2015 to 0.62 percent in the second quarter of this year.

"Subprime loans have actually dropped as a percentage of the total market. That, combined with only a slight uptick in delinquencies, it's clear the sky is not falling," said Zabritski.

Webinar: Revised wage/hour regs

An hourlong NADA webinar at 12 p.m. CDT Sept. 28 will focus on dealership-specific compliance issues involving the U.S. Department of Labor's recently revised "white collar" overtime exemption rules.

Register for the free webinar at www.nada.org.

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

Approved partner ANSI offers dealers discount on window cleaning

American National Skyline Inc. (ANSI), a commercial window cleaning company that began in 1970, has been named a recommended partner by the CATA's Member Benefits Committee.

The company is the largest privately held window cleaning company in the U.S., with an area office in Wood Dale. With its elevated status, ANSI is offering CATA dealer members a 15 percent discount off its regular pricing. If that discount is not competitive with a dealer's current contract, ANSI will reduce a dealer's current pricing by 5 percent, upon review of the dealer's current pricing agreement.

ANSI is known for quality service and professionalism. All work is completed by fully trained ANSI employees who are uniformed and who have had their backgrounds checked and been screened for drug use. All work performed is overseen and inspected by ANSI management.

For more information and to obtain a no-cost estimate, contact Jim McCarthy, ANSI general manager, at (630) 941-8665 or jwm@ansi.com. Learn more about the company at www.ansi.com.

Find out more about the CATA's Member Benefits program on the association's website, specifically www.cata.info/resurces/cata_member_benefits.

CATA donates $10K to Louisiana flood victims, encourages other donations

Directors of the Chicago Automobile Trade Association recently authorized a $10,000 donation to help victims of the extensive flooding this summer in Louisiana summer, and they encouraged others in the dealership community to donate to the cause.

The money was directed to the Emergency Relief Fund of the NADA Foundation, which helps dealership families after natural disasters. Thousands of dealership employees and their families have suffered devastating losses in the wake of the worst U.S. natural disaster since Hurricane Sandy in 2012.

The need for financial assistance is great and will last for many weeks.

When disaster strikes, the Foundation immediately informs the state dealer association that the Foundation is prepared to help, and the state association gets the message to its dealers;

Dealers can apply for aid on behalf of their employees;

The NADA picks up all administrative costs for this fund. All money donated to the Emergency Relief Fund goes directly to the dealership employees.

"At the NADA, we view our dealerships as one big family. When a member of our family hurts, we all hurt," NADA President Peter Welch said. "That's why it's time to come together and help our dealership family members who are hurting in Louisiana by contributing to the NADA Foundation's Emergency Relief Fund."

The NADA is calling on its members to donate online to the Emergency Relief Fund. Checks can be made payable to NADCF Emergency Fund, c/o NADCF, 8400 Westpark Drive, MS 7, Tysons, VA 22102. For more information, call (703) 821-7233 or visit www.nada.org/emergencyrelief.

Established in 1992, the fund has provided more than $5 million to more than 8,700 families.

Feds preview rules for self-driving cars

Federal officials have been struggling with how to capitalize on the benefits of self-driving cars — they can react faster than people, but don't drink or get distracted — while making sure the cars are ready for widespread use. New guidance represents their current thinking, which they hope will bring some order to what has been a chaotic rollout so far.

Self-driving cars have the potential to save thousands of lives lost on the nation's roads each year and to change the lives of the elderly and the disabled, President Barack Obama said in an op-ed published Sept. 19 by the Pittsburgh Post-Gazette.

"Safer, more accessible driving. Less congested, less polluted roads. That's what harnessing technology for good can look like," Obama wrote. But he added: "We have to get it right. Americans deserve to know they'll be safe today even as we develop and deploy the technologies of tomorrow."

One self-driving technology expert said the overall tenor of the guidance signaled that the federal government truly has embraced autonomous driving.

"In terms of just attitude, this is huge," said Bryant Walker Smith, a law professor at the University of South Carolina who closely tracks the technology. He also cautioned that many details remain unclear.

Under the proposal, the federal transportation regulators, rather than states, should be in charge of regulating self-driving cars since the vehicles are essentially controlled by software, not people, administration officials said.

States historically have set the rules for licensing drivers, but when the driver becomes a computer "we intend to occupy the field here," Transportation Secretary Anthony Foxx said. States, he said, should stick to registering the cars and dealing with questions of liability when they crash.

Automakers should also be allowed to self-certify the safety of autonomous vehicles by following a 15-point checklist.

Social

Continued from Page 1

"Social media platforms aren't as useful as automotive shopping websites for automotive information, but they do serve the needs of consumers for unbiased dealer reviews, affirmations from other vehicle owners, accessing automotive-related videos and exchanging ideas and opinions with friends and family members," said Battaglia.

About one-third (34 percent) of new-vehicle buyers using social media for automotive information post a picture of their new vehicle on a social site. Facebook is by far the most posted site, at 88 percent, followed by Instagram, at 21 percent.

While the use of social media in the automotive research process is increasing, it still does not rival the traffic to auto shopping websites. The study found that more than nine out of 10 automotive internet shoppers visit at least one automaker's site during the shopping process, while 84 percent visit a dealer site and 79 percent visit a third-party site. On average, internet shoppers visit 10 automotive websites in their shopping process: four automotive manufacturer websites, three third-party websites and three dealership websites.

The most frequently accessed content on automotive shopping websites are model information (89 percent), vehicle pricing (88 percent) and photo galleries (81 percent). Yet, automotive internet shoppers find different types of sites more useful for different reasons. For example, automotive internet shoppers find that automotive brand sites are most useful for their model information, vehicle configurators and photo galleries, whereas dealer websites are found to be most useful for inventory searches, and vehicle pricing and third-party sites are most useful for vehicle ratings/reviews and vehicle comparisons.

Other key findings of the study include:

• **Smartphones Surpass Tablets for Automotive Research**: More than half (53 percent) of automotive internet shoppers use a mobile device in their quest for automotive information. For 2016, smartphone usage surpasses tablet usage (37 percent vs. 33 percent, respectively). The use of desktop or laptop computers remains most common at 92 percent, but has been steadily decreasing from 99 percent in 2012. Consequently, the proportion of time spent shopping on mobile devices continues to increase, with 33 percent of the total shopping time now conducted on a mobile device.

• **Third-Party Website Leaders Continue Reign**: The three most frequently visited third-party sites have remained consistent since 2012 (listed in alphabetical order): Consumer Reports, Edmunds.com and Kelley Blue Book. Among the 37 third-party websites measured in the study, TrueCar experiences the largest increase in site visitation for a second consecutive year.

The 2016 New Autoshopper Study is based on responses from 17,349 purchasers and lessees of new 2014 to 2016 model-year vehicles who used information gathered digitally during the shopping process. The study was fielded this year from February through June.

Telemarketer fees to rise slightly in FY 2017 for Do Not Call Registry

The Federal Trade Commission has announced FY 2017 fees for telemarketers accessing phone numbers on the National Do Not Call Registry. The annual fees will increase slightly from FY 2016, which ends Sept. 30, and are set forth in a Federal Register notice.

All telemarketers calling consumers in the United States are required to download the numbers on the Do Not Call Registry to ensure they do not call those who have registered their phone numbers. The first five area codes are free, and organizations that are exempt from the Do Not Call rules, such as some charitable organizations, may obtain the entire list for free. Telemarketers must subscribe each year for access to the Registry numbers.

The FY 2017 Registry access fees will increase slightly based on a re-evaluation as required by the Do-Not-Call Registry Fee Extension Act of 2007. Under the Act's provisions, telemarketers in FY 2017 will pay $61 for access to Registry phone numbers in a single area code (an increase of $1 from FY 2016), up to a maximum charge of $16,714 for all area codes nationwide (up from $16,482 in FY 2016). The fee for accessing an additional area code for a half year will remain the same at $30.

The FTC works to promote competition, and protect and educate consumers. Learn more about consumer topics by calling 1-877-FTC-HELP (382-4357), or go to www.ftc.gov.

Survey: Older drivers want car technology to stay behind wheel

In the quest to be able to keep driving as they grow older, more Boomers are anxious to try the latest in car safety tech that might help them stay behind the wheel, a new study finds.

About 76 percent of drivers age 50 and older said they would look for a car with the latest safety features, an online survey commissioned by insurer The Hartford.

"Our findings indicate that some drivers, age 50-plus, would be more willing to drive in certain situations if they had particular technologies," said Jodi Olshevsky, a gerontologist who is executive director of The Hartford Center for Mature Marketing Excellence. The study suggests "they associate advanced technologies with enhanced safety."