



## 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](http://www.cata.info). On the tan bar across the top of the screen, click on Education/Careers and follow the drop-down menu to CATA-DealersEdge webinars.

Coming topics:

Thursday, May 2 at 12 p.m. CDT

**“How to Warm Up, Revive & Sell to Cold Sales Leads”** Get tips, scripts and templates for following up with unsold and otherwise cold sales leads.

Even the best Internet sales reps close only about 10 percent of their Internet leads. According to expert

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## *After the flood*

### Be alert for damaged trade-ins

With widespread flooding following the April 17 downpours, questions about flood-damaged vehicles have been directed to the CATA.

It is important to remember the rules for defining flood-damaged vehicles and what procedures dealers should follow when accepting such vehicles in trade.

The Illinois Vehicle Code [625 ILCS 5/3-117.1(b)] defines a flood damaged vehi-

cle thusly: “A flood vehicle is a vehicle that has been submerged in water to the point that rising water has reached over the door sill or has entered the passenger or trunk compartment.”

The following procedures are part of Illinois law:

1. For vehicles that meet the definition of a “Flood Vehicle,” applications must be filed to obtain Salvage

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### FTC eliminates label burden

Effective May 31, the Federal Trade Commission no longer will require a special label for new alternative-fueled vehicles. After weighing public comments, the FTC moved to consolidate the labels required on AFVs with those required by the U.S. Environmental Protection Agency.

The National Automobile Dealers Association had strongly advocated for this change, arguing that alternative-fuel information on the

FTC label duplicated that found on the EPA’s revised fuel economy label.

The FTC also has eliminated its AFV label mandate for used vehicles, ruling that such labels were of limited usefulness for consumers yet imposed undue regulatory burdens on dealerships.

The label disclosures, in place since 1995, require labels that provide information such as driving range and fuel type, to help consumers comparison shop.

## Virginia says 'no' to Tesla stores

The Commonwealth of Virginia on April 22 denied a request by Tesla Motors to own and operate a retail operation in McLean, Va.

Virginia law establishes a general rule prohibiting manufacturer-owned dealerships unless the motor vehicle commissioner determines that there is no dealer available other than the manufacturer in the community to own and operate the franchise, then the manufacturer may be able to operate its own dealership.

Tesla claimed its business model differs from traditional dealerships and dealers

would not be profitable.

The Virginia Automobile Dealers Association (VADA) argued that the exception to the statute was not satisfied by Tesla simply claiming it did not want to have dealers.

After reviewing both arguments, Richard D. Holcomb, commissioner of the Virginia Department of Motor Vehicles, said he would need further proof to indicate that no dealer independent of Tesla would be available in the community to own and operate a dealership. Holcomb therefore did not authorize Tesla to operate a dealership in Virginia.

## Flood

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Certificates. Such applications must indicate in the Rebuilt Vehicle field the word "Flood." The word Flood is to be conspicuously entered just beneath the "yes" box in the Rebuilt Vehicle field, which is located to the right of the purchase date field.

2. The Illinois Secretary of State form named "Affirmation Supporting Salvage Certificate" must accompany all Salvage Certificates that are surrendered with an application for a regular Certificate of Title.

3. All applications filed to obtain a regular Certificate of Title for a vehicle that has

been designated as a flood- or water-damaged vehicle, by any state or jurisdiction, must indicate in the Rebuilt Vehicle field the word "Flood."

4. Applications filed with the word "Flood" in the Rebuilt Vehicle field will, once approved, generate Salvage Certificates or regular Certificates of Title with the word "Flood" in the legend area on the face of the title.

Violators of these codes face penalties of \$1,000 to \$5,000 for a first offense. Second-time offenders are subject to a Class 4 felony.

The forms mentioned above can be requested from the secretary of state's office at (217) 782-7132.

## Webinars

CONTINUED FROM PAGE 1

Jennifer Suzuki that huge pile of now "cold" leads still has some life—if you go about it with the right process. Join Jennifer for a special DealersEdge webinar offering an informative discussion on how to capture those folks who just can't seem to make up their minds.

Thursday, May 9 at 12 p.m. CDT

**"The Seven Ps for Success in Accessory Sales"** Still untapped by most dealerships, accessories are a \$30 billion-plus market. Learn how to get in the game. Some dealers bag an extra \$500 to \$1,000 gross profit per unit.

Sidney Haider comes to this webinar topic not just from izmocars but from hands-on dealership experience, where capturing accessory sales was developed into an art form. A very profitable and successful art form. Sidney will share what he sees as the best practices for selling accessories in the dealership environment.

## Congratulations!

**Motor Werks of Barrington** and **Perillo BMW** in Chicago are among 34 U.S. dealerships awarded BMW's 2013 Center of Excellence award.

For the second year in a row, **Volkswagen of Orland Park** is the only Illinois dealership to win Volkswagen's prestigious Customer First Club Award, the top award for customer satisfaction. Nationwide, 23 VW dealers won the award.

## CATA golf June 10 at Cog Hill

Be part of the CATA's annual golf outing, which returns with a noon shotgun start Monday, June 10 at Cog Hill Golf & Country Club in Lemont. Or just register for dinner at 6 p.m.

All registrants receive a nice gift, and many golfers will win prizes that range up to \$10,000 for a successful putt. Golfers also get a cart, advance access to the driving range, lunch, and beverages at sponsored locations.

Association members can secure two golf tickets for \$95 each and additional tickets for \$125 each. Dinner-only tickets are \$75.

For full details and to register, call the CATA at (630) 495-2282.

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Review past editions dating to 1998 or search by subject at [www.cata.info](http://www.cata.info).

David E. Sloan  
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President, Publisher  
Editor, Director of Dealer Affairs

## Scarpelli running for re-election to NADA board of directors

By **MARK SCARPELLI**

CHICAGO METRO NADA DIRECTOR



All dealers in Cook, Lake and DuPage counties who are NADA members will be mailed a ballot on May 3 to elect an NADA director for Metropolitan

Chicago. Please cast your vote and return your ballot! I have been honored and want to continue representing you as your NADA director.

As you know, having a voice on local and federal levels is a necessity in our business climate. For the past three years, I have represented you on a federal level on many important committees and issues: Industry Relations Committee, with all major OEM's involves meeting OEM's four times a year in Washington, D.C. and addressing such important issues as facility upgrades and incentives; Public Affairs Committee, which has put "We the Auto Dealer" in front of national news outlets to make sure the auto dealer is correctly portrayed in the media and in public opinion; Regulatory Affairs Committee, which is tackling a wide range of very important issues that affect dealers such as the CFPB attack on the dealer financing model, CAFE regulations and the true cost that will be past to consumers, and many more.

At the 2013 NADA Convention & Expo, I was the convention chairman, proudly representing Chicago.

I have been contacted by many of you over the past three years, and your concerns have been put forward by me and the NADA. Many of these committees and chairmanships require many conference calls, hours of meeting preparation, and on-site meetings all over the country. I ask humbly for your continued support

and for your vote to allow me to continue to represent you, as your Chicago Metro NADA Director.

Completed ballots must be post-marked by May 24. A winner will be announced this summer, and the three-year term begins next February.

James Auffenberg Jr., president of St. Clair Auto Mall in O'Fallon, Ill., represents dealers in the state's 99 other counties. His term expires in 2015.

### In other news ...

The Consumer Financial Protection Bureau and support for the franchised dealer network were among topics discussed at the **2013 Automotive Forum**, held in March in New York City.

Industry leaders and analysts were upbeat about the economy in their forum presentations. They all agreed that auto sales are rising and economic momentum is growing.

Nearly 400 dealers, OEM and supplier executives, analysts and media convened to look at global issues shaping the auto industry, the state of the economy and the challenges facing new-car dealers and their customers. The forum was hosted by the New York International Auto Show. Participants were upbeat about the recovering economy, expanding credit and a growing demand for newer inventory to replace aging fleets. The consensus among top analysts was that new-vehicle sales will exceed 16 million units by 2015.

The forum, presented by the NADA, J.D. Power & Associates and the Greater New York Auto Dealers Association, included keynote speaker Bob Carter, vice president of automotive operations for Toyota Motor Sales, U.S.A.; Finbarr O'Neill, president of J.D. Power and Associates; and Nariman Behravesh, IHS chief economist. All three were optimistic about the sales outlook for 2013 and beyond.

With historically low rates on auto

loans and automakers "bringing out damn good cars," Carter said that Toyota predicts 15.3 million new vehicles will be sold in the U.S. this year. Maryann Keller, a long-time industry consultant, also delivered a presentation in support of the current franchised dealership model, and argued against Tesla Motors' approach to selling its electric vehicles directly to the public through factory-owned stores.

"Factories have learned that they cannot do a better job than independent business men and women at the retail level," Keller said. "And new startups – many who come and go – with new systems of selling and servicing retail automobiles will all reach the same conclusion: The dealer network is the best way."

The forum gave the NADA an opportunity to directly address another issue of major concern: Recent "guidance" from the CFPB threatens dealer-assisted financing as we know it.

In March, the CFPB released a bulletin that claims indirect lending through dealerships may result in minorities paying more for auto loans. Dealers are exempt from CFPB oversight, but auto lenders are not. So the Bureau's guidance could drastically change how auto finance sources compensate dealers for arranging auto loans.

Keep in mind, no one is accused of intentional discrimination. The Bureau issued its guidance based on a theory called disparate impact. If the auto finance system can potentially result in minorities paying more for credit than non-minorities in the same credit tier, then it is considered unintentional discrimination. And the system needs to be addressed.

But we have no idea how the CFPB concluded disparate impact exists in today's marketplace.

## Hands-free texting still dangerous: study

New research suggests it's just as unsafe to use a voice-to-text mobile app while driving as it is to text manually. And, researchers found, the former method takes longer to accomplish than the latter.

The new study is by the Texas Transportation Institute, which says this is the first research on whether there are driving safety advantages in using voice-to-text apps.

The study involved 43 licensed drivers in a 2009 Ford Explorer. They each drove four times for about 10 minutes at 30 mph: while not texting at all, while texting manually, while texting with the voice-to-text app on the iPhone, and while doing so with the Android smartphone voice-to-text app.

The study found that driver response times were slower no matter which method of texting was used. Drivers took about twice as long to react as when they weren't texting and spent less time looking at the road no matter what texting method they used, the study reports.

Interestingly, the researchers found that driver performance was roughly the same with both methods, although manual texting actually required slightly less time than using voice-to-text.

Each driver completed five text messaging tasks: send one, read and reply to three, and simply read one. The texts were from a short script: "They were things people would say in text messages, short phrases, like, 'hey, what are you doing tonight,'" said Christine Yager, associate transportation researcher at the institute.

"They would get a reply, and follow up, 'yes, where do you want to meet?'"

Wireless providers and mobile app developers created voice-to-text apps to reduce the effects of manual

texting. Drivers in the study reported feeling safer when using a voice-to-text app than when texting manually.

"That is not surprising at all," said John Ulczycki, vice president of the National Safety Council. "We have believed that for some time, that voice-activated texting is not any safer. There are two reasons for that. First, the technology is not yet perfected. Messages often come out garbled, which can take even more time. And second, it's really the same kind of mental concentration that's involved. They're still taking their mental concentration off the road."

Corporate officials from iPhone did not reply to a request for comment; Android officials declined to comment.

In 2011, 3,331 people were killed and 387,000 injured in distracted-driving crashes, according to the Transportation Department. In 2010, 18 percent of all injury crashes involved a distracted driver.

The new report notes that text messaging has grown exponentially over the past decade, from an average of 31 million sent per day in 2002, to 6.1 billion per day in 2012, citing data from CTIA - The Wireless Association.

"Texting is advancing so rapidly," Yager said. "It's important to ask questions about how this new technology affects driver safety and behavior. It's a constantly evolving process to understand distracted driving because technology is improving every day."

"We're not necessarily saying you shouldn't use Siri (on iPhone) or Vlingo (on Android)," she said. "What we are saying is in this particular study, the voice-to-mail texting and manual texting are virtually the same in how they can compromise safety."

## 2013 used-car prices peaked in March?

Wholesale prices for used cars and light trucks reached their annual peak in March, the NADA Used Guide reports in its April edition of Guidelines.

Prices for used vehicles up to 8 years old increased by 1.2 percent in March, substantially less than the 3 percent increase recorded for March 2012.

"Wholesale prices for used vehicles increased in February and March, but the price growth has been mild compared to what is typically seen for the period," said Jonathan Banks, executive automotive analyst at the National Automobile Dealers Association.

The first quarter's slower rate of growth was caused by a combination of factors, which included higher payroll taxes, delayed tax refunds and the spike in demand from Hurricane Sandy at the end of 2012.

Despite March's weaker than normal performance, the first quarter 2013 ended with used-vehicle prices 0.9 percent higher compared to the same three months a year ago.

Compact car prices increased 2.2 percent in March, which was the highest of any segment for the month. Prices for mid-size cars and vans increased by 1.3 percent.

"Gasoline prices, which increased nearly 50 cents from December to late February, likely led to increased used-vehicle prices in the compact car segment compared to other segments," Banks said.

"For large pickup trucks, the improved housing market has resulted in used prices growing by 1 percent despite the increasing supply of late-model used pickups," he said.

For April, the NADA predicts used-vehicle prices will fall by 2 percent to 2.5 percent, with depreciation accelerating towards the end of the month and continuing through May.