



CATA Bulletin



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ADP transferring dealership data to Carfax, CATA learns

The CATA has obtained documentation which demonstrates that ADP apparently is transferring information from dealership service records and selling the dealership data to Carfax, a vehicle history compiler.

The data-mining practice is believed to be taking place in all parts of Illinois with those dealers who have ADP contracts.

Further, the CATA has learned that this type of data mining and subsequent disclosure of dealership data to third parties was done: 1) without the explicit consent of the dealer; 2) without the consent of the consumer; and 3) unbeknownst to the dealership.

The practice of data hijacking is an example of why

dealers are concerned about protecting the privacy of the data that they regularly obtain from their customers.

Dealers must protect customer data pursuant to Graham Leach Bliley and other laws, but some customer data is nonetheless being accessed and transferred to third-party companies by the dealer's own computer services company.

That simply is not right.

Other concerns and issues from the dealer's perspective include:

- With ADP using a dealer's customer data for its own purposes, what protection does the dealer have against breach of privacy allegations or litigation by consumers?

- If ADP can access ser-

vice records, it also can clearly access social security numbers, home addresses, credit information and other personal data.

- Dealers believe that this customer information is the property of the customer and the dealership. What right or license does ADP have to access this information and sell it to third parties?

- Are measures in place to insure that ADP or other computer companies safeguard this dealer/customer data from outside hackers trying to randomly access any personal data? And, if this data is hacked into, who is responsible for the privacy breach?

The CATA board of directors feels that computer vendors should be required to

obtain the explicit consent of the dealer prior to accessing or transferring customer data; protect the confidentiality and integrity of the dealership's data; provide a means for the dealership to be able to monitor the information being accessed by the computer company; and have the ability to deny access to specific information.

In addition, the CATA board firmly believes that the information in a dealer's computer database is the property of the dealership and should be adamantly protected.

Further, the practice of data mining by computer companies within the industry may be detrimental to franchised dealerships and result in severe penalties.

School bells ring, and the beat goes on for AYES student interns

By Jim Butcher

ILLINOIS AYES MANAGER

Here we are at the end of summer, and it's back to school for our AYES high school students. Twenty-two area dealers this summer employed students from the AYES program, and those students will be returning for their second year of automotive training.

These students still are eligible to work in your dealership up to 20 hours a week. Important, these AYES students even are allowed time out of their automotive training courses to work for you.

Potentially, you could have these students in your dealership by noon and work them until 5 p.m. or so in the

evening. And remember, most of these students are available to work weekends as well.

For those of you who have not taken advantage of our entry-level students, now is a good time. We still have about 22 students available for part-time employment.

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Generation Y drivers spending big on upgrades to their vehicles

To Generation Y drivers—defined as those born between 1977 and 1989—nothing beats a tricked-out ride with the latest aftermarket upgrades, from chrome spinners and custom grilles to voice-activated navigation systems.

Some say young tuners are driving a car-customizing craze. Others say they buy what they buy because they crave social currency: possessions that give them clout or make them popular.

“Consumers look at their automobiles as a reflection of their personalities,” said Peter MacGillivray, vice president of marketing and communications at the Specialty Equipment Market Association. “A lot of kids are turned on by personalization and accessorization.”

At one shop that specializes in stereo equipment and trendy aftermarket items, none of the employees are older than 30. And considering that more than 75 percent of the customers are in their teens and 20s, it is little surprise that most clients ask for merchandise they saw on the street, in magazines and on TV shows like “Pimp My Ride.”

With a rising demand for aftermarket accessories, business for repairs and modifications is booming. Two common requests are body kits and \$200-keyhole cameras, which are popular for those who are repeatedly pulled over by the police. Aftermarket additions range from \$500 to \$15,000.

Whether at a hip car show or a customizing war where street cred is at stake, one speaker or screen just won’t do. In some cases, a half-dozen to several dozen are needed to one-up the other drivers.

According to the National Highway Safety Transportation Administration, any aftermarket modifications that pre-

vent adequate rear vision, including TV screens, could be subject to federal violation. Although regulation is typically left up to the state, the NHTSA has penalized custom shops for removing air bags to make room for televisions and other accessories.

While most young people don’t have six-digits of disposable income, many do have a few grand to kick around. Avid auto tuners tend to be men. In the SEMA youth study, only 28 percent of women identified themselves as auto enthusiasts compared to 57 percent of men.

For more than a decade, Charity Irby has bucked the enthusiast trend.

When Irby bought her 1994 Honda Accord EX, she was in her 20s and didn’t have much cash to put into it. But that didn’t stop her. Soon after starting a makeshift car wash with some friends, Irby invested in big rims and bumping bass for her import.

“Back then, that’s what everybody was riding,” she said of the Honda.

For years, Irby saved her money to buy a better ride and more modifications. Today, the 37-year-old owns a 1987 Cutlass Supreme, pimped out with \$35,000 worth of accessories, including Lamborghini-style doors and 10 televisions.

“You don’t see too many guys’ cars that can top mine,” she said.

While few of her friends share her car-customizing passion, Irby said it wouldn’t be long before more ladies get in on the aftermarket action.

“In two years, women are going to be just like the guys” when it comes to their rides, she said.

ART: 9 of 10 minority new-vehicle buyers say F&I personnel respectful

By a sweeping majority—90 percent—minorities said they had positive experiences when they shopped for a new vehicle, according to a recent ART survey.

Automotive Retailing Today works to promote facts about the auto retailing marketplace, to narrow the gap between reality and perception that negatively affects dealer image.

Since 1998, ART has commissioned biennial public opinion surveys to understand what consumers and the media think about the experience of purchasing or leasing new vehicles from franchised new-car dealerships.

The latest findings are based on the responses in 1,164 in-depth telephone interviews with a representative sample of 887 new-car purchasers/lessees, 147 consumers who shopped for a car but did not buy, and 630 consumers who did not shop for a new car during the timeframe.

The latest research, conducted by Harris Interactive, also explored the issue of consumer trust.

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Chicago Automobile Trade Association
 18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810
 630-495-CATA [2282] phone 630-495-2260 fax

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Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full résumé to the Editor.

Review past editions dating to 1998 or search by subject at <http://cata.drivechicago.com/>

Jerry H. Cizek III President, Publisher
Erik K. Higgins Editor, Director of Dealer Affairs

CATA helps sponsor program to help children avoid predators, drugs

The 2006 Chicago Auto Show is a sponsor in a state-wide campaign next month to teach children personal safety skills to avert danger.

Child Lures Prevention is a personal safety program designed to protect children and teens from sexual exploitation, abduction, Internet crime, drugs and school violence.

As part of the Child Lures Community Plan, every CATA dealer in early September will receive 800 copies of a 20-page Child Lures parent handbook that can be shared with customers and prospects.

The campaign will be promoted heavily on NBC5 Chicago, which is serving as the Child Lures flagship station in Illinois. Promotions will air on a special "Town Hall" broadcast, 6-7 p.m. Sept. 10, and on various news and entertainment programs on the station between Sept. 12 and Sept. 23. The Chicago Sun-Times also will spotlight the campaign in its newspaper.

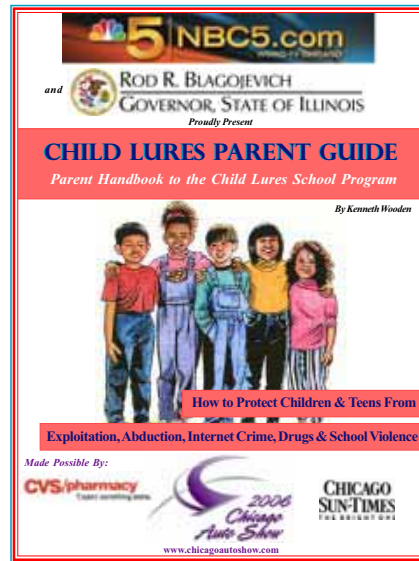
The initiative is supported by the office of Illinois Gov. Rod Blagojevich, the Illinois State Board of Education, and the Illinois State Police.

Students through Grade 12 and their parents are targeted in the Child Lures program, which unites parents, educators and community leaders in safeguarding efforts.

On the "Town Hall" special, Child Lures Prevention founder Ken Wooden reveals his research findings on the lures used by predators. The broadcast will air in all seven Illinois television markets.

Over the following two weeks, news inserts on NBC5 will introduce viewers to common lures used by predators, then demonstrate proven prevention techniques.

The Child Lures Parent Guide, which will be distributed to area dealers, includes detailed explanations of each lure and offers specific pre-



Copies of the Child Lures Parent Guide will reach CATA dealers next week.

vention strategies.

And during September, the Child Lures School Program will teach age-appropriate skills to avoid exploitation, abduction, Internet crime, drugs and school violence.

As a sponsor, the Chicago Auto Show's logo will appear on the Parent Guide and on the broadcasts. Viewers of "Town Hall" would be directed to get a copy of the Parent Guide at sponsor lo-

cations, including CATA dealerships.

"The campaign will do a lot to advance children's personal safety," said CATA Chairman Terry D'Arcy. "Tragically, too many headlines these days report incidents of crimes against minors' well-being. Children must be given the tools to learn to recognize the lures of danger so they can react properly."

Some statistics reported by Child Lures:

- At least 1 in 5 girls and 1 in 10 boys will be sexually abused before their 18th birthdays.
 - 1 in 5 children ages 10 to 12 who regularly use the Internet are sexually solicited online.
 - Convicted child molesters who abuse girls average 52 victims; molesters of boys average 150 victims.
- The CATA board of directors voted in June to involve the Chicago Auto Show in the campaign.

Revenue Dept.: Be correct on ST-556 in sales to out-of-state dealers

The Illinois Revenue Department reports that some dealers have incorrectly completed Form ST-556 involving sales to out-of-state dealers.

In such a transaction, the incorrect dealerships checked Box 5a, Out-of-state buyer, on Form ST-556, the sales tax transaction return.

Instead, Box 5b, Sold for resale, should be checked.

The error can lead to dealers receiving assessments from the revenue department, if the purchasing dealer resides in one of the nine states with which Illinois does not have a reciprocal exemption from collecting sales tax.

New CATA annual directory mails

One complimentary copy of the 2006 CATA annual directory mailed Aug. 24 to every member of the Chicago Automobile Trade Association. The publication is rife with useful information, including a listing of all members—dealers and allied—and their addresses and phone numbers.

Members may purchase additional copies of the directory for \$10 each, payable in advance, to defray printing and postage costs.

The directory is not available to nonmembers of the association.

Incentives a short-term sales fix; buyers value quality more: survey

Employee-price promotions may give carmakers and dealers some short-term sales gains, but improving quality is more important in the long run, a survey of U.S. vehicle owners reported this month by the Associated Press suggests.

Toyota got the top score of 87 out of 100 in the University of Michigan's American Customer Satisfaction Index.

Owners were asked about their overall satisfaction and their satisfaction level compared to their expectations. They also were asked to rate how their vehicle compares

to their ideal vehicle.

Honda, BMW, Cadillac and Buick rounded out the top five performers. Ford got the lowest score of 75.

University of Michigan professor Claes Fornell, who compiled the index, said Hyundai's rapid climb shows that focusing on quality can significantly improve satisfaction ratings. Hyundai was at the bottom of the index with a record low score of 68 in 1999, Fornell said.

The survey questioned 8,096 people by phone from April 1 to June 30. Customers gave the vehicles an average rating of 80.

Unemployment claims deflected

One hundred fourteen CATA dealer members reported a combined 407 unemployment claims during the second quarter of 2005 to Cambridge Integrated Services Group, Inc., which formerly operated as the Martin Boyer Co. The company's efforts saved those dealers a total of \$931,866 in benefits by contesting the claims.

Cambridge monitors any unemployment claims against its clients. The company counts about 230 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 1.2 percent and 9.8 percent of each employee's first \$10,500 in earnings. The 2005 average unemployment tax rate among Il-

linois employers is 4.7 percent, or about \$493.50 annually. That is nearly double the 2003 rate.

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

Client fees amount to \$2.20 per employee, per fiscal quarter. For the fee, Cambridge monitors all unemployment claims, files any appeals, represents the client at any hearings, verifies the benefit charge statements and confirms the client's unemployment tax rate.

The former Martin Boyer Co. has represented CATA members since 1979. To discuss retaining the company, call Schardt at 312-381-8241.

Congratulations!

Nicholas Pontarelli of Larry Roesch Volkswagen graduated recently from the NADA's General Dealership Management program, training to prepare key managers to operate a new-car or -truck dealership.

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CONTINUED FROM PAGE 1

These high school students are embarking on their senior years. They have completed one full year of high school-level automotive training. These students are available to work in various portions of the Chicago area.

The numbers of qualified students is as follows:

- Curie Metro High School, Archer Road at Pulaski Avenue, Chicago: 5 students
- Lake County High Schools Technology Campus, Grayslake: 3 students
- Parkland College, Champaign: 4 students

- Porter County Career Center, Valparaiso, Ind: 4 students

- Technology Center of DuPage, Addison: 5 students

New AYES School

We will be launching a new school in October. Streamwood High School recently completed its NATEF Certification, and we are excited about having it on board as our newest AYES school.

We expect about five Streamwood High School students a year to be eligible for placement beginning next summer.

We require all of our AYES school instructors to focus intently on four areas of study with their students. That

way, we can increase the hours of instruction in those areas and thereby offer a more qualified intern to you.

The areas of instruction and their curriculum time are:

- Braking Systems: 105 hours of instruction
- Steering and Suspension: 95 hours
- Electrical/Electronics: 230 hours
- Engine Performance/Driveability: 220 hours

Instruction hours are split approximately 60/40, with 60 percent hands-on and 40 percent in the classroom, working on theory and the like.

Should you have a need for a part-time entry level student in your dealership, please call me at 630-424-6020.