



CATA Bulletin

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New CATA annual directory mails

One complimentary copy of the 2005 CATA annual directory mailed Aug. 27 to every member of the Chicago Automobile Trade Association. The publication is chock-full of 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, to defray printing and mailing costs.

The directory is not available to non-members of the association.

FTC telemarketing lists just got costlier

Businesses that conduct telemarketing campaigns across more than five area codes will find those campaigns costlier effective Sept. 1, following action by the Federal Trade Commission.

Access to telephone numbers in five area codes continues to be free to registered telemarketers. But under a revised FTC fee structure, the annual fee to obtain additional area codes increases from \$25 to \$40 each, up to a maximum of \$11,000 (currently \$7,375) for all listed area codes.

The NADA wrote to the FTC to support the commission's proposal to "continue allowing accessing the national registry to obtain the first five area codes of data for free." The letter emphasized that removing the exemption would affect dealers significantly and impose a disproportionate financial burden on smaller entities.

Businesses that conduct telemarketing must register as a telemarketer with the National Do-Not-Call Registry. That is accom-

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Myths on outsourcing give it an undeserved, bad reputation

Editor's note: The following appeared as a guest essay in the Aug. 9 edition of Crain's Chicago Business. Art Kelly is president of Kelly Nissan in Oak Lawn, chairman of the CATA, and a director of the AIADA.

By Art Kelly

As owner of a Nissan dealership with more than 50 employees, I understand that despite recent strong economic growth, many people in the Chicago area are still concerned about their own job prospects. Extensive

media reports about outsourcing U.S. jobs to lower-cost, overseas providers have brought free trade issues into the spotlight. And in an election year, many politicians are rushing to blame outsourcing for nearly every hiccup in the U.S. economy.

However, outsourcing is an integral part of free trade. It drives investment in our economy and raises our standard of living by increasing consumer choice and creating better jobs.

I am keenly aware that competition from interna-

tional automakers has forced Detroit to keep pace. The average initial quality rating of domestic nameplate vehicles has improved 32 percent in the last seven years. That's a real benefit for American families.

Outsourcing is only half the picture. For years, foreign-based firms have been "insourcing" high-skill, family-supporting jobs. In fact, more than 6.4 million Americans draw their paychecks from companies that are based abroad.

To help clear up misunderstandings, the American

International Automobile Dealers Association recently launched the Trade Works coalition. We recently released some top myths about outsourcing:

Myth: Outsourcing hurts the job market. In the past three years, only about 300,000 jobs have been transferred overseas. Market research firm Forrester Research Inc. estimates that 3.4 million jobs could go overseas by 2015 — but that's only 227,000 jobs per year, less than one-quarter of 1 percent of the nearly 140

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Safety gadgets cut road fatalities

For the first time since government tracking began in 1966, the traffic fatality rate dropped below 1.5 deaths per 100 million miles traveled on U.S. roads, the National Highway Traffic Safety Administration reported this month.

Even as more people drove more miles, the number of people killed in car accidents dropped by 342, to 42,643 in 2003.

The progress comes at a time of consumer ambivalence, with many drivers mindful of safety features but not eager to pay more money for them. The NHTSA credits the drop in fatalities to greater use of seat belts, fewer drunken drivers and improved car designs—including the growing use of air bags and “crumple zones.” Every state but New Hampshire requires seat belt use.

Woe to the automaker that develops a bad safety rap; there’s no faster way to turn buyers away in droves, said Wes Brown of the automotive market research firm, Iceology.

Car buyers often are reluctant to pay extra for safety features, said Brown. But they want those features included, and they rank safety in surveys as “very important.”

Studies show consumers take safety for granted, rather than being uninterested.

Car thieves in Boston discover cloning

Luxury car cloning, a new twist on identity fraud, is accelerating in Boston, where the number of vehicles stolen in the first half of the year, 2,581, has otherwise dropped to a 40-year low.

To clone, a thief writes down the one-of-a-kind Vehicle Identification Number off a parked car. He then applies those same digits to a phony VIN plate that’s attached to an identical vehicle stolen in a different state. A few counterfeit documents later, the cloned car is put up for private sale in the legitimate used-car market, with the buyer none the wiser until the cops come knocking.

“It’s stolen, so we seize the car,” said Boston Police Sgt. Kenneth Lamb, “and if the buyer can’t locate the person who sold it to him—and many times he can’t—he’s kind of out of luck.”

The VIN of one Mercedes-Benz parked in Boston was plagiarized, leaving investigators seeing double when the car’s clone turned up in Georgia.

Since January, Lamb said Boston police and state troopers have recovered at least a dozen cloned cars in Massachusetts, including BMWs, Cadillacs and Lexuses. Nationally, white vehicles attract the most thieves. “They can be repainted most easily,” explained Ed Sparkman, spokesman for the National Insurance Crime Bureau.

Sign-up underway for ASE autumn exams, Nov. 9, 16, 18

Refer to the booklet and poster included in this mailing for information on the next certification tests of the National Institute for Automotive Service Excellence.

Registration concludes Sept. 24 for the tests, which will be administered Nov. 9, 16 and 18.

ASE offers more than 40 certification tests in nine specialties, including Automobile, Collision Repair and Refinish, Engine Machinist, Parts Specialist and Advanced Series.

To register, call ASE toll-free at 877-ASE-TECH, or visit the institute’s Web site at www.ascert.org/

Do not call

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plished on-line at <https://telemarketing.donotcall.gov/> Afterwards, a business can gain access to the various phone numbers.

A telephone number that appears on the National Registry still may be called if (a) the consumer has made a purchase from the dealership in the past 18 months, (b) the consumer has contacted the dealership with an inquiry in the past 90 days, or (c) the consumer has provided written consent—in advance of any call—to permit such calling. The consent form, according to the FCC, must be clear and conspicuous as to its intent.

Under Illinois law, telemarketers are permitted for just 30 days to call a consumer after that consumer contacts a business with an inquiry.

To review the FTC’s rule amendment, see www.ftc.gov/os/2004/07/040728dncfrnrevised.pdf

A similar federal do-not-fax requirement is set to take effect Jan. 1.

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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 or search by topic at www.cata.info/

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Despite pressure of CSI scores, ‘coaching’ customers not widespread or effective

The vast majority of dealer service customers who respond to customer satisfaction surveys are not coached by dealers on how to rate their experiences, and the small percentage who are tend to give their dealer significantly lower satisfaction scores, according to a recent study by J.D. Power and Associates.

The 2004 Customer Service Satisfaction Study, which surveyed more than 97,000 new-vehicle buyers on their satisfaction with the dealer service department during the first three years of ownership, asked whether anyone at the dealership attempted to influence the way they filled out a customer satisfaction survey. In only 6 percent of the cases did the customer indicate that they were “coached” in this way.

“Industry critics often speculate that it is a common practice among dealers to coach customers on satisfaction tracking surveys because they are under pressure to score well by the manufacturers,” said Joe Ivers of J.D. Powers.

“In reality, only a very small percentage of dealers try to influence how their customers rate their service, and interestingly, when it does happen, it tends to result in significantly lower customer satisfaction ratings.”

Although 60 percent of those who said the dealer attempted to influence their survey responses said it had no impact on their satisfaction, their actual overall satisfaction scores were substantially lower than those who said they were not coached.

The average overall index score rat-

ing from respondents who said the dealer attempted to influence them is 795 index points out of a maximum 1,000—72 points lower than those who said they were not coached.

Further, 20 percent of respondents claimed that coaching actually lowered their satisfaction levels, and their scores plummet to 660—207 points below the average score.

“This can have a devastating impact on CSI,” said Ivers. “A 72-point penalty is enough to drop a top-scoring franchise in CSI down to near the bottom of the rankings.”

The study also finds the percentage of respondents who claim the dealership personnel attempted to influence their response to satisfaction surveys doubles to 12 percent when service is not up to par, when the work was not completed right the first time, or when the vehicle was not ready when promised.

“Clearly some dealer personnel are attempting to mitigate a problem they know they have. But the attempt is usually transparent, and comes off as disingenuous,” said Ivers.

“Auto companies and dealers recognize the obvious benefits of satisfying customers. Satisfied customers often bring repeat business and tell their acquaintances about the experience.

“While a few dealer personnel find creative ways to garner positive feedback, even when it’s undeserved, the reality is customer satisfaction is driven by truly satisfying customers, not trying to influence their satisfaction surveys.”

Outsourcing

CONTINUED FROM PAGE 1

million U.S. jobs.

Myth: The U.S. is outsourcing jobs faster than it is insourcing them. Over the last 15 years, the number of jobs insourced into the U.S. grew, on average, almost 8 percent per year, or 117 percent overall. In contrast, the number of jobs outsourced has grown only about 4 percent per year, or 56 percent overall.

Myth: When U.S. companies outsource, the economy suffers. A recent McKinsey & Co. study found the opposite: Every dollar spent on foreign outsourcing creates about \$1.13 of additional economic activity in the U.S. economy through spinoff effects. Cost savings realized through outsourcing help boost profits at home.

Myth: U.S. manufacturing is in decline due to outsourcing. Manufacturing output has increased an enormous 93 percent since 1980. Although the U.S. has a large trade deficit, it runs a sizable surplus in services, valued at \$59.2 billion last year.

Myth: When companies move service jobs overseas, that’s outsourcing. Outsourcing is simply the wrong term. According to Alan Reynolds, an economist at the Cato Institute, outsourcing means “having business services done by specialist firms instead of your own firm.” You don’t need India to do that; you can go next door.

Heed changes to CDF

The Aug. 16 edition of this newsletter detailed changes to the state’s Commercial Distribution Fee, effective July 1.

To review the changes, read the article at the CATA’s Web site, www.cata.info, or visit the site of the Illinois Revenue Department, www.iltax.com/

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On the Web

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New NADA 20 Groups for used-car managers

Three new 20 Groups for used-car managers are forming by the National Automobile Dealers Association.

The groups, comprised of non-competing members from various franchises, help the members share ideas to improve profits and performance.

For information on the new groups or any of the NADA's 20 Groups, call 800-248-6232, ext. 5889.

'05 NADA convention to offer networking for women dealers

The NADA's 2005 convention and exposition in New Orleans will host its first-ever networking breakfast for women dealers and manufacturer leaders, to discuss issues critical to the automotive business.

The Jan. 29 breakfast's keynote speaker, Ann S. Moore, was appointed chairwoman and chief executive of Time, Inc., in 2002. Moore oversees all the businesses of Time, Inc., which is the world's leading magazine company and a leading direct marketer of music and videos.

Moore also is an active and prominent speaker on business and women's issues.

The NADA will send invitations to women dealers in September. Tickets are \$45 each or \$400 for a table of 10. For other details and updates, see www.nada.org/2005breakfast beginning in September.

www.cata.info

Add the Web site to your list of favorites, and you'll have access to oodles of CATA stuff.

Make the most of on-line audio, video content

Marketing via e-mail is quickly replacing direct-mail marketing. While multimedia e-mail communications are all the rage, experts offer four ideas to make dealer ad campaign messages stand out from the clutter.

Don't do it just to do it. The University of Dayton Alumni Association Web site sticks to compelling content and Web cam technology rather than audio or video to reach its audience. About 20 percent of the alumni users use America Online as a service provider.

"That's too big a chunk of our audience to risk losing if we offer content they can't use," says Tim Bete, the university's manager for e-mail marketing.

Offer several download options. Dealership Internet managers cannot assume that their customers and prospects have advanced Internet connections. Consider one Web site from the Calgary Convention and Visitors Bureau. To view its five-minute video of

the city's highlights, it offers three options: high bandwidth (QuickTime video), medium bandwidth (56k video), and low bandwidth (28k video). Visitors to the site are spread evenly across the different bandwidths.

Test abandonment rates to determine the right length for an audio/video presentation. PR Webcast used to show streaming videos for news releases that ran 11 minutes, and more than 90 percent of the viewers abandoned the site after 90 seconds.

The video was reduced to four minutes, but 90 percent still bailed out. PR Webcast finally got the message and now limits its clips to 1.5 minutes.

Link to multimedia content wherever relevant. The University of Delaware's Web site offers links to its video content wherever appropriate. Links take users to a single page that collects multimedia clips. That way, users can stay at that one page and check out similar content, then effortlessly return to the dealer's site.

Congratulations!

Ford Motor Co.'s customer service division has announced Ford and Lincoln-Mercury dealers who are 2nd quarter winners of its "Keep It Genuine" Challenge. The challenge recognizes ongoing customer retention efforts.

Local winners include **Barile Ford**, Valparaiso, Ind., **Buss Ford Sales**, McHenry, **Court Street Ford**, Bourbonnais, **North Shore Ford**, Wilmette, and **Wickstrom Ford**, Barrington.

Marketplace

Parts Manager 17 years experience with foreign, domestic vehicles. CSI-, profitability-driven. Comfortable handling employees, larger inventories. Brian Jones, 702-682-5071.

Résumé on file at the CATA.

Dealership for sale Chrysler Corp./Import dealership in Chicago suburb. Reasonable Blue Sky Plus, used vehicles, parts, equipment. Real estate to be leased to buyer. Respond in confidence to Etta Whitted of Woodward & Associates, 309-662-8797.