Uncertainty surrounds new DOC fee

On the eve of its Jan. 1 enactment, some Illinois dealerships expressed slight uncertainty about the state’s maximum documentary fee rising to $150, and where and how they must disclose it.

The Motor Vehicle Retail Installment Sales Act permits the seller in a retail installment contract to add a “documentary fee” for processing documents and performing services related to closing of a sale. The original base fee, established in 1992, was $40 and allowed for annual adjustments tied to the federal Consumer Price Index.

Legislation signed in August by Gov. Rod Blagojevich raises the 2008 maximum DOC fee to $150. The act stipulates that every retail installment contract shall contain the notice that appears boxed in this article. The notice is not required to appear on a Buyer’s Order or other forms.

The CATA in early December distributed DOC fee posters for dealers to display. The wording on the posters differs from the state act because the posters were created as response to a 1990 consent decree that spawned the DOC fee.

More than 300 Chicago area dealers signed the consent decree. The number still operating has dwindled to about 120. Dealers who didn’t sign the consent decree aren’t required to display the poster.

The DOC fee is a voluntary assessment; dealers don’t have to charge it and can charge different rates.

Businesses must post signs to accompany smoking ban

All Illinois business owners are reminded that they must post “no smoking” signs in their buildings by Jan. 1, when a law takes effect banning workplace smoking.

It will be prohibited to smoke inside all public places and most places of employment, or within 15 feet of any entrances to those places. A “public place,” under the law, includes vehicles used by and open to the public, such as dealership service loaners and demonstrators.

Because the law is intended to shield the public and employees from secondhand smoke, dealers also should ban smoking within 15 feet of any vehicles offered for sale and from the visitor parking area.

An acceptable sign to post—“No Smoking” plus a burning cigarette within a red circle and diagonal line—can be downloaded free from the CATA Web site, http://cata.info. From the tan-colored bar along the top of the screen, click on the category, “Resources.” From the ensuing drop-down menu, click on “Workplace Posters.”

Fines for violating the new law represent a slap for the smoker—$100 to $250—and a punch for the businessman. The business owner shall be fined not less than $250 for the first violation, not less than $500 for the second violation within one year after the first violation, and not less than $2,500 for each additional violation within one year after the first violation.
SmartBuy ads cross rebate line: AG

The way some Illinois GM dealers and their advertisers depict pricing for SmartBuy vehicles, a General Motors program, violates the state’s rule on motor vehicle advertising, according to the Illinois attorney general’s office.

The Better Business Bureau’s Chicago office, which scour area dealers’ print and electronic ads for compliance with the state rules, concluded that presenting a SmartBuy price as a new vehicle’s advertised price, or as a separate price in the ad, violates the rules concerning limited rebates.

“The AG agrees with this interpretation, saying that the SmartBuy price cannot be advertised as the price of the car because it includes a rebate that is not available to all consumers,” said Steve Bernas, president of the BBB-Chicago office.

“Not every consumer will qualify for the SmartBuy program, and other consumers may prefer to pay cash or finance the purchase in another way. Those consumers will not get the benefit in the price of the SmartBuy rebate.

“Therefore, while the SmartBuy pricing may be a good deal for some buyers, the advertisement of a SmartBuy price as the price of the car violates the rules.”

Bernas said the BBB would comment more on its interpretation by mid-January. Dealers or advertisers with questions or concerns can write to CATA@chicago.bbb.org or call Bernas at 312-245-2514.

Revised federal Form I-9 in effect

Employers must use a revised federal Form I-9, which no longer requires employees to list their Social Security number in Section 1 unless the employer participates in the “E-Verify” program.

The revised form, instructions and an employer handbook with more information can be downloaded from the Web site of the U.S. Citizenship and Immigration Services, www.uscis.gov/i-9.

All U.S. employers must complete a Form I-9 and other documents for each new employee to verify their eligibility to work in the United States.

The new form removes five documents from the “Column A” list of documents that can be accepted as proof of both identity and employment eligibility:

- Certificate of Citizenship (Form N-560 or N-570)
- Certificate of Naturalization (Form N-550 or N-570)
- Alien Registration Receipt Card (Form I-151)
- Unexpired Reentry Permit (Form I-327)
- Unexpired Refugee Travel Document (Form I-571)

One item was added to the “Column A” list: Unexpired Employment Authorization document (Form I-766). Also, the instructions note that employers now can electronically sign and store I-9 forms if certain requirements are met.

EEOC has help for employment tests and selection procedures

A revised “fact sheet” summarizing the requirements of federal antidiscrimination laws regarding tests and other screening procedures for new and internal job applicants was issued in December by the Equal Employment Opportunity Commission.

The Fact Sheet on Employment Tests and Selection Procedures is posted at www.eeoc.gov/policy/docs/factemployment_procedures.html. The document provides examples of the types of tests and selection procedures that can lead to discrimination concerns.

The document also summarizes relevant provisions of Title VII, the Americans with Disabilities Act, and the Age Discrimination in Employment Act; describes recent litigation and settlements by the EEOC of claims involving testing and selection procedures; and briefly summarizes some “best practices” for employers.

Employers should regularly review their employee testing and selection procedures to minimize the risk of liability under Title VII, the ADA, and the ADEA. The new EEOC fact sheet provides a useful overview of some of the issues employers should consider when conducting such a review. However, because it does not provide comprehensive guidance, employers are encouraged to consult legal counsel in designing their testing and selection programs.

Happy New Year!

The officers, directors and staff of the Chicago Automobile Trade Association wish all our members and friends a happy and prosperous year in 2008.

The CATA office will be closed Dec. 31 and Jan. 1, and resuming regular business hours Jan. 2.

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The CATA Bulletin is published and mailed every other Friday except during the Chicago Auto Show, when it is not published.
Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full resume to the Editor.

Jerry H. Cizek III  President, Publisher
Erik K. Higgins  Editor, Director of Dealer Affairs
Dealers can use DriveChicago.com to place classified ads

DriveChicago.com, the Web portal owned and operated by the CATA, is new inside and out. The fresh look provides consumers with simple one-click access to Chicagoland’s largest listing of new and used vehicles. For dealers, the simple Admin login makes it easy to modify inventory, change lead delivery, and update store hours.

In addition, DriveChicago offers free delivery of dealer inventory for classified postings in the Daily Herald newspaper and for ad creation with MAN Marketing. Other automotive portals charge dealers for this service.

“We wanted to make DriveChicago easier for consumers to use and we wanted to give dealers a powerful inventory and ad management tool,” said DriveChicago General Manager Mark Bilek. “Dealers now can log into the DriveChicago Admin tool and select vehicles for classified listings simply by clicking on the vehicles in inventory.”

The MAN Marketing feed is sent daily, and the Daily Herald feed is sent every Thursday. Both feeds accommodate vehicle information and images.

Other vendors can call Bilek about using this service. There is a one-time set-up fee.

Dealers can customize prices within the DriveChicago classified tool. For example, they can change the price on all vehicles or just the last few digits of each to allow for better ad tracking. And they can identify vehicles to be listed in later weeks.

To discuss the DriveChicago classified listing service in the Daily Herald, call Nancy Duffin at 847-427-4657. To discuss the MAN Marketing service, call Ed Mallof at 630-929-5200.

Said Bilek: “There’s no easier way for dealers to choose classified ads directly from their inventories. It’s as simple as point and click.”

A dealership’s online business endeavor must be evaluated regularly

BY BECKY CHERNEK
CHERNEK CONSULTING

It’s one thing to have an Internet site; it’s another to have an effective Internet site.

Internet sales and leads must be evaluated regularly with the dealership’s overall finance performance. What percentage of the advertising budget is devoted to the Web site compared to newspaper, radio, and television ads? What is the sales return percentage for each?

The Dealix Corporation wrote a white paper in 2004 on the case for Internet sales leads. Dealix stated that dealers spend an average $550 on traditional advertising for each car sold, but only $200 on Internet advertising.

It’s a figure that should cause you to take action. Figure out your own return on each form of advertising and make the proper adjustment to get the most for each dollar spent.

Take time, too, to evaluate the effectiveness and efficiency of your Internet and finance managers. Do they treat each other with respect? Do they support each other’s methods and share information about product sales? Or do they bicker continuously about turnover?

Cooperation is required. They work for the same company and for the same ultimate goal of raising profits through more sales. Especially in the sale of products, they must work together. Even though the new breed of customers comes into your showroom after spending quality time investigating details on the Internet, your managers must still use every opportunity to present your financing and products.

Be flexible. Any of the many Internet resource providers will be happy to provide your customers with financing and product options. And, of course, that is exactly what they are doing!

Why? Because finance and insurance products represent big money! Know what other sites offer and at what cost and then plan to be adaptable with your own. Serving the customer’s needs means pulling your head out of the sand of stagnancy!

There are many other issues to discuss and evaluate with your Internet manager. How many leads are being generated each day of every week and month? Out of these leads, how many are coming to the dealership showroom? How many leads are closed each month? What is your front end profit and backend profit? Does your manager establish the lead, structure the sale, close the sale, and provide other alternative finance and product options? Does your manager know how to present a menu proficiently?

Does he or she offer a third-party entry, online financing arrangements, a resource center for understanding the alternatives of leasing versus financing? What is your policy regarding the discussion of rates and pricing over the phone or through an online message?

When potential customers visit your Web site, they should see full compliance and a user-friendly environment. Provide them all the tools to find answers to specific questions. Let them build their own car. Take them on a virtual tour of the manufacturing plant and of your dealership. Introduce them to your owner, your sales and Internet and finance managers, and to the managers of your service department.

Provide an online clinic regarding the how and why to properly maintain vehicles.

See WEB SITE, Page 4
**White is the new silver among car colors**

Car buyers everywhere are waving the white flag.

White/white pearl ended silver’s streak of seven years as the world’s most popular color for automobiles, according to the DuPont 2007 Global Automotive Color Popularity Report, released this month.

Across North America, white is the most popular color, holding 19 percent of the vehicle market. Silver cars make up 18 percent of the market; and black/black effect (a metallic, sparkly finish), 16 percent.

White tied silver last year for most popular in North America. Silver’s seven-year hold on the top spot was the longest consecutive streak in the 55-year history of the survey.

The preference for white indicates consumers are shifting direction when it comes to vehicle color, said DuPont’s Karen Surcina.

“White,” she said, “is a trend-shifting color. Things are up for grabs; customers are looking to personalize their vehicle with different shades and specialty finishes.”

That personalization trend is seen in the popularity of white pearl (an iridescent hue that reflects many colors) and black effect.

Other styles gaining interest are niche colors and effects, including matte finishes, reported DuPont, a top supplier of automotive coatings.

Red also is growing in popularity, increasing its share 2 percentage points in North America and surpassing gray and blue to become the market’s fourth most popular color. Surcina said red’s popularity shows that North Americans are becoming more accepting of color.

“Bright and bold offers of colors are important,” she said. “Automakers are using those to gain attention for newly introduced vehicles, a sort of ‘notice me’ factor.”

For example, Chrysler’s Charger Daytona model, which was re-introduced recently, was offered in Top Banana yellow and Go ManGo orange, then in subsequent years Sub-lime green and Plumb Crazy purple.

**In vogue in car and at home**

But tradition still rules. North American tastes fall in line with those in Japan, where buyers also prefer white cars, but differed from Brazil, China and South Korea, where silver still leads; and Europe, which favors black.

In North America, white is the leading color for trucks and SUVs, and ties with black in the luxury vehicle segment. Silver remained the leader in the intermediate/crossover and the compact/sport segments, but declined in popularity compared to the 2006 report.

The DuPont report findings reflect the growing popularity of white globally—in home furnishings, fashion, consumer products and industrial design, said Leatrice Eiseman, executive director of the New Jersey-based Pantone Color Institute, which works with graphic artists, fashion and home designer, among others.

“White,” she said “also is considered a fashion statement. The car you drive is a fashion statement.”

**Dealers serving customers well: 2 national surveys**

Auto dealers around the country are serving their customers well, as evidenced by two recently released national surveys.

J.D. Power and Associates reported customer satisfaction with auto dealers at its highest level in the 21 years the company has conducted the survey.

Another survey, by Consumer Reports magazine, supports the data. The magazine found nearly 90 percent of respondents were satisfied with their vehicle buying experience at the dealership. The survey also showed 57 percent were “very satisfied” and just 5 percent were dissatisfied.