Volume 107, No. 10 May 31, 2010

New CATA Dealer Meeting & Expo debuts June 17 at CATA office

Six informational seminars and 40 exhibiting CATA allied members—and a hearty barbeque lunch—await dealers and their managers at the inaugural CATA Dealer Meeting & Expo, June 17 at the association's Oakbrook Terrace office. The event is free, but limited to dealership attendees.

An added registration incentive: the first 75 dealers and their managers to sign up and attend will be given Lettuce Entertain You gift cards redeemable at 64 restaurants in the Chicago area and across the country.

Each of the seminars will be repeated once, giving attendees the chance to see most of them during the event, which supplants the annual CATA golf outing.

The seminars, about 30 minutes each, start at 10:30 a.m., 11:30 a.m., 1:30 p.m. and 2:30 p.m.

A big-tent barbeque lunch will be served 11:30 a.m.-2 p.m., and prize drawings will be held throughout the day.

Participating allied CATA members will be represented 10 a.m.-4 p.m. in 6-by-6 spaces, eager to talk with dealers about how their products and services can save dealers money.

"The Expo offers a great business-to-business experience for dealers with limited time," said CATA Chairman Kevin Mize. "It's one-stop shopping for the various talents that our allied members offer."

Seminar topics include:

• How YOU can increase traffic to your dealership's Web site

• Red Flags and Privacy Rules compliance

• Making smart media buys

• Using social networking to increase sales

• An examination of the employee handbook

• Health care reform and how it affects your business

For full details and to register, visit the CATA Web site, www.cata.info.

New member benefit: CATA Bank Card Program

The CATA has negotiated for its members discounted credit card processing rates with First Payment Systems. All CATA dealer members qualify for guaranteed low rates through the CATA Bank Card Program.

No new electronic payment processing equipment is needed; existing terminals can be programmed over the telephone in minutes. And FPS imposes no merchant contracts, unlike banks, which usually insist on 3- to 5-year contracts with heavy fees for breaking a contract.

Guaranteed benefits of the CATA Bank Card Program include:

• Low, wholesale processing rates

• Fast, simple set-up

• Free comprehensive cost analysis

• No service interruption

• No equipment purchase required

• Checks converted to electronic deposits end trips to the bank

• Toll-free customer support 24/7

• No annual fees

• No hidden or junk fees of any kind

• No contractual term requirement; if no completely satisfied, cancel at any time

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CATA: Working for you

A program started in 2008, Chicagoland Dealers Care has blossomed into a model of how a trade association can work with its membership to extend charitable impact.

Senate, House financial overhaul bills go to conference committee

A committee of 12 senators will meet with House counterparts in the coming weeks to hammer out differences in the financial reform bills passed by each chamber. The conference is expected to move quickly, with the goal of getting a bill to President Obama's desk by July 4.

An amendment to the House measure exempts dealers from oversight by a new government consumer-protection agency. A similar Senate amendment did not get a vote, but the chamber subsequently passed a nonbinding "sense of Congress" motion that urges Senate conferees to exempt dealers.

House conferees are expected to be announced after the Memorial Day holiday. Senate leaders on May 25 appointed seven Democrats—Christopher Dodd (Conn.), Blanche Lincoln (Ark.), Tim Johnson (S.D.), Charles Schumer (N.Y.), Tom Harkin (Iowa), Patrick Leahy (Vt.) and Jack Reed (R.I.)—and five Republicans—Richard Shelby ((Ala.), Judd Gregg (N.H.), Bob Corker (Tenn.), Saxby Chambliss (Ga.), and Michael Crapo (Idaho).

All five GOP senators voted against the financial reform bill, which passed the Senate 59-39 on May 20. But four of them supported the motion pressed by Sen. Sam Brownback to exempt most auto lending from new government oversight. Chambliss did not vote on the motion.

The conference will be led by House Financial Services Committee Chairman Barney Frank (D-Mass.). Frank was not a proponent of exempting dealers from the House bill, passed last December.

"I am not defending what we passed in the House," Frank told DealBook. "I lost on a couple of votes that, if we were doing them now with the public attention we are getting without health care, we would have won."

Frank reportedly favors the following Democrats for the committee: Luis Gutierrez (Ill.), Paul Kanjorski (Pa.), Maxine Waters (Calif.), Melvin Watt (N.C.), Gregory Meeks (N.Y.), Dennis Moore (Kan.), and Carolyn Maloney (N.Y.).

The oversight agency created by Congress would have authority to prohibit "unfair, deceptive or abusive practices." Dealers argue that those terms are ambiguous, which could lead to auto finance regulations that increase costs for dealers and consumers. The impact would be broad, considering that financing is involved in 94 percent of all auto purchases.

Also, auto dealers currently are regulated by a host of state and federal consumer protection rules that prohibit practices such as "bait and switch" lending and loans packed with undisclosed extras such as extended warranties.

The vast majority of dealers do not actually lend their own money to customers, but only arrange financing. That gives dealers an incentive to help their customers get affordable loans, said Bailey Wood, a spokesman for the National Automobile Dealers Association.

"As a dealer, I can sell you more car if your monthly rates are lower," Wood said.

Most economists agree that loans for homes, not autos, caused the financial meltdown experienced over the last two years. During the height of the housing bubble, Paul Ingrassia, author of "Comeback: The Fall and Rise of the American Automobile Industry," noted that GMAC — now Ally Bank — "was requiring higher standards for car loans than for the subprime and Alt-A home mortgages that it sold."

The NADA added that the default rate on auto loans has held steady for the last couple of years while home loan defaults have spiraled upward. It's not as if auto loans aren't regulated now.

A rarity in Washington, D.C., the Senate bill actually strengthened as debate continued and, broadly speaking, it is tougher on the financial industry than the 5-month-old House version. Congressional leaders also have agreed to permit television and Webcast coverage, and the C-SPAN cameras will complicate attempts to weaken the bill behind closed doors.

Dealer groups maintained that exempting dealers from the financial industry regulation is pro-consumer, because consumers otherwise would have fewer opportunities for affordable loans.

Latest Auto Outlook examines new-vehicle sales in April

The Chicago Auto Outlook publication examining the area's new-vehicle sales during April can be viewed on the CATA's Web site, www.cata.info.

On the tan bar across the top of the home page, click on Publications and follow the drop-down menu to Chicago Auto Outlook, then April 2010 under monthly reports.

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.

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The Facebook problem: to sell or to socialize?

By Ben Brigham
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By now, everyone is aware of Facebook, Twitter, and other social networking Web sites. Many auto dealerships have embraced this new phenomenon and are developing or actively executing strategies for using these sites to further their business interests.

The sudden awakening of the automobile industry to Facebook has created a virtual Wild West, where anything goes, every consultant is an expert and no two experts agree.

The truth is that no one really knows what will happen and how social media will ultimately integrate with the daily activities of the modern auto dealership and impact the bottom line.

An auto industry consultant who specializes in social media recently wrote to me that he advises his clients to be really careful how much selling versus socializing they do on Facebook. This highlights a struggle going on right now among experts about how social media Web sites should be used by auto dealerships and businesses in general.

In one corner, you have the purists who say you should limit your activities on Facebook strictly to socializing. In the other corner, you have the opportunists who say you should use your social network profiles to advertise and create new opportunities to generate leads and sales, as well as employ any tactic available to build a fan base.

In the gulf between the two camps, there is a happy medium: applications that create passive opportunities for you to generate leads from your Fan page.

The Inventory Application is a good example of how to 'sell' on Facebook without violating the 'social' principle. It is there if someone wants to see it, but it doesn't pop up in their face if they don't.

Anything that involves bombarding your Fan base with offers, Farmville requests, or other solicitations is a bad idea. The general rule to apply is this: if something creates an opportunity to further your business interests without disrupting the user's experience, it's probably OK.

As you develop or evaluate the social media strategy for your dealership or group, I suggest you consider two very important factors: your primary objective and the fundamental concepts behind social networking.

Your primary objective most likely is to make a profit for your company by selling products and services. The fundamental concepts behind social networking are socializing and networking with people you know and people they know. In other words, it's not just about socializing with your friends; it's about networking through your friends to socialize with their friends, and their friends' friends.

Anyone visiting your Facebook Fan page knows that you are a car dealer and that you sell cars. If they want to see what you have in inventory right now, why wouldn't you give them the opportunity to view your inventory from your Fan page?

When it comes to legitimate socializing, it should begin from within. Start by building your fan base among your staff, their families and friends, and your customer base. Beware of anyone promising to build you a fan base of tens of thousands, unless you want a fan base made up of 10,000 people in India.

One thing is clear: if you don't already have a Facebook Fan page for your dealership, its time to get one. When you're ready to tackle the question of whether to sell or to socialize, my advice is to strike a balance between doing things that further your business interests and legitimate socializing.

If you need help getting started, Bluesky Marketing Group offers a suite of Facebook Applications that does a very good job of striking a balance between selling and socializing. The company also offers an 'organic' Fan building campaign that is generating legitimate, local fans for their dealers.

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For a free cost analysis and the chance to lower your payment processing costs today, fax your credit card processing statement to First Payment Systems at (678) 336-8421, or call Elaine Queen at (877) 726-7017 ext. 145.

Dealership business hours mixed for July 5

Of the modest number of dealers who responded to a CATA poll about the business hours they plan to keep on the year's remaining holidays, the answers were mixed.

Eleven dealerships responded to the query. Three indicated they would conduct normal work hours on July 5, the date observed as a holiday by unionized employees. At the other eight stores, all departments would be closed except for four stores, where the sales departments would work limited hours.

Remember to heed driving restrictions for workers ages 16, 17

Teen-age workers can be an ambitious and cost effective source to perform various summertime roles at dealerships, but there are plenty of regulations to adhere to, especially for teens who drive in the course of work.

According to the federal 1998 Drive for Teen Employment Act—an ironic name, for the act effectively limits teen driving—17-year-olds may engage in limited driving on public roads and 16-year-olds may drive only on private property, such as dealership lots, while working. The Illinois graduated licensing system imposes other restrictions.

Employers should consider specifics of both measures before allowing a teen to drive in the course of work.

A 17-year-old must:

• hold a valid driver's license;

• have completed a state-approved driver education course;

• be instructed that seat belts must be worn; (It's wise to have them sign a statement to this effect upon hire.)

• have no moving violations on record when hired.

Also, the vehicle a 17-year-old drives neither may weigh more than 6,000 pounds gross vehicle weight nor be used for towing. All driving is limited to daylight hours.

Supervisors must ensure that there is ample time for 17-year-olds to complete any work trip during daylight.

Also, 17-year-olds may not drive in excess of one-third of one workday and one-fifth of a workweek.

Vehicle occupancy is limited to three passengers, and the transport of people who are not coworkers is limited to two trips a day.

Licensed 16-year-olds may not drive on public roads while on the job.

A violation of the Drive for Teen Employment Act is subject to a $10,000 fine.

Many states, including Illinois, have invoked graduated licensing laws for teens amid rising concerns that the fatality rate for licensed 16-year-old drivers is double the rate for 17-year-olds and four times the rate for all drivers.

In Illinois, during the driver's first year of licensing, or until the driver is age 18, whichever occurs first, the number of passengers is limited to one person under age 20, unless the additional passenger(s) is a sibling, step-sibling, child, or step-child of the driver.

After this period, the number of passengers is limited to one in the front seat and the number of safety belts in the back seat.

Cell phone use while driving is prohibited by drivers under 19 except in the case of an emergency to contact a law enforcement agency, health care provider or emergency services agency.

On-the-job driving by employees 21 and older is not regulated.

White House unveils new national fuel economy goals

President Obama on May 21 announced two future vehicle fuel economy and emissions programs.

Tighter standards for light-duty vehicles get phased in during model years 2017 to 2025. First-ever fuel economy rules for commercial trucks and trailers take effect beginning with model year 2014.

The National Highway Traffic Safety Administration and the Environmental Protection Agency will jointly issue rules for both national programs.

Forrest McConnell, the regulatory affairs chairman for the National Automobile Trade Association, said the NADA supports a single national fuel economy standard, consistent with the program Congress designed and passed in 2007.

Under the administration's plan, NHTSA will regulate fuel economy, along with EPA and possibly California. The latest announcement, McConnell said, raises several concerns:

1. It appears that the California Air Resource Board will play a significant role in the development of these national programs. The NADA does not support any undue deference to or influence by California's unelected state air regulators.

2. The commercial truck program could require compliance at least two to three model years earlier than Congress contemplated in the Energy Independence and Security Act of 2020 (MY 2014 vs. MY 2016). Beyond the extra regulatory costs, the NADA is concerned that this may not allow for adequate lead time.

3. How high to set fuel economy standards is based in part on the manufacturers' product plans. Since vehicle manufacturers do not currently have product plans extending to MY 2025, the NADA is concerned that the government can only guess what fuel economy standards may be appropriate 15 years from now.

4. These new programs will mandate how new vehicles are built, not whether they are purchased. Since consumers, small businesses, and truckers will only buy what they want and can afford, program mandates must be technologically feasible and economically practical.

Otherwise, McConnell said the NADA is concerned that dealers, their employees, and the economy in general will suffer, without any environmental or national security benefits.