

UPDATE FROM CAPITOL HILL

CAFE Debate in Congress Postponed until Fall

Industry Will Use Time to Work Toward Reasonable Standards

In one of its last acts before adjourning for the August recess last Saturday, the U.S. House of Representatives passed, 241 to 172, an energy bill that would promote conservation and renewable energy. Not included in the bill were any hotly debated vehicle fuel economy standards, which will likely boomerang back to the legislative agenda when Congress reconvenes in September.

The lawmakers' action to forgo debate for now on raising Corporate Average Fuel Economy (CAFE) levels means the auto industry side-stepped the prospect of draconian standards proposed by Rep. Edward Markey (D-Mass.) and backed by Speaker Nancy Pelosi (D-Calif.) that automakers have said are unattainable. Markey agreed to withdraw his proposal, offered as an amendment to the energy bill, as did Rep.

Baron Hill (D-Ind.) and Rep. Lee Terry (R-Neb.), sponsors of a more reasonable, industry-backed alternative bill, H.R. 2927. Markey's bill proposed a 35 mpg average by 2019, while Hill-Terry proposed 32 mpg by 2022.

"With the absence of a House vote, the number of Hill-Terry cosponsors gains increasing importance," said NADA President Phil Brady. "The bill is the only public statement that

shows support for a responsible CAFE increase," Brady added.

Markey on one side and Hill and Terry on the other have worked for weeks to line up supporters for their competing proposals. Hill and Terry picked up support last week from "the blue dog coalition," a group of conservative House Democrats, who endorsed the Hill-Terry legislation, according to the Detroit News. When the bill was

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SIGN UP TODAY!

WANADA Presents

**Mark Tewart's High Performance Selling:
The Contrarian Auto Concepts Workshop**
September 25, 2007 – 8:00 am - 5:00 pm
McLean Hilton

Internationally renowned automotive sales, marketing and management consultant Mark Tewart is coming to the McLean Hilton on Sept. 25. A regular on the NADA Convention seminar circuit, Tewart consistently ranks in the "top ten" for his explosive, cutting-edge presentations. He leaves dealership sales managers with successful strategies that inform, inspire *and work!* This is your chance to discover Tewart's innovative but proven secrets of high performance selling!

The cost for this event is \$225 per person, which includes continental breakfast, all-day refreshments and lunch.

A convenient fax-back registration form is enclosed. So sign up today for this dynamic and insightful workshop!

For more information, contact WANADA's Kristina Henry (kh@wanada.org) at (202) 237-7200, or log on to Mark Tewart's website at <http://www.tewart.com/>.

CAFE UPDATE

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introduced in June, it had only six cosponsors. By the August recess, Hill-Terry boasted 163 cosponsors.

“When Congress returns in September, the auto industry may face a three-sided debate,” said The Detroit Free Press. “One side would happen behind closed doors, if the House and Senate attempt to hammer out a compromise energy bill. Another will spring from Rep. John Dingell's (D-Mich.) Energy and Commerce Committee, where the Dearborn Democrat promises to tackle global warming. And the third could come from the lingering legal challenges to California's efforts to regulate fuel economy, with key senators pledging to speed the process, which the industry unanimously opposes.”

The biggest threat is that House-Senate conferees will accept the Senate bill that is more like Markey's House proposal calling for 35 mpg by 2020.

“For the time being, the momentum of Hill-Terry has derailed the extremist approach of Rep. Markey,” said NADA's legislative affairs office. “However, the fight over fuel economy standards continues, with a showdown now expected in the fall.

WANADA will follow up with the six House members from around the Capital Beltway, including Democratic Majority Leader Steny Hoyer.

INDUSTRY TRENDS**Service Satisfaction on the Rise**

Consumer satisfaction with dealership service continues to rise, even as customers are paying for more service work themselves instead of relying on factory warranties, according to the J.D. Power and Associates 2007 Customer Service Index.

The average vehicle brand achieved a satisfaction score this year of 876 on a 1,000-point scale. That was up from 873 in 2006 and 843 in 2002. *Automotive News* reports that the proportion of surveyed customers who say they paid for all service work themselves has slightly increased, from 49 percent in 2004 to 52 percent in 2007.

Another Record-Breaking Year for Hybrid Sales

An estimated 187,000 hybrids were sold in the first six months of 2007, accounting for 2.3% of all new vehicle sales, according to J.D. Power and Associates. Although a sales slowdown is expected in the second half of the year, J.D. Power is forecasting total sales of 345,000 hybrids for the year, a 35% increase from 2006 when the current record of 256,000 hybrids were sold. The Toyota Prius continues to be the best-selling hybrid model, accounting for just more than half of all hybrids sold. Prius sales also got a boost this year from incentives of up to \$2,000 per vehicle, which helped offset a de-

crease in federal tax breaks for hybrids.

Competition in the segment will intensify in the coming years. There will be as many as 65 hybrid models, more than half of them trucks, in the market by 2010, with projected sales of nearly 775,000.

Manheim Says Used-Vehicle Market Strong, Stable

Evaluating the industry's health at the mid-year point, Manheim's chief economist Tom Webb characterized the retail used-vehicle market as strong and stable, while also praising automaker efforts to rein in excessive inventory levels of new cars that have plagued the industry in recent years, Auto Remarketing reports. Webb said the current round of factory incentives has had a minimal impact on wholesale prices.

“In terms of the vitality of the retail used-vehicle market, it's a good market,” Webb noted. “Certainly, an increasing number of dealers are buying an increasing number of vehicles at auction, which means they obviously have a retail market for these vehicles. Because of the higher acquisition costs from a dealer standpoint, there is some pressure on margins. However, their inventory turn has been good, so that has offset it.” Webb remains upbeat about the current health of U.S. economy, which he said portends well for the retail used-car market.

AUTOMOBILE DEALER EDUCATION INSTITUTE (ADEI)**WANADA Offering New Workplace ESOL Class
Beginning in September
*REGISTER YOUR EMPLOYEES NOW***

WANADA has developed an English for Speakers of Other Languages (ESOL) class for *all* automobile dealer employees.

WHO SHOULD TAKE THE CLASS?

Any dealership employee whose first language is not English and who has difficulty with English or workplace communication
(Students will be tested and placed in the appropriate class)

WHAT WILL EMPLOYEES LEARN IN THE CLASS?

ESOL classes increase worker efficiency in the following areas:

- Understanding and Giving Directions
- Following Safety Instructions
- Greeting Customers and Giving Quality Service
- Properly Completing Paperwork
- Handling Financial Matters
- Workplace Protocols, to include Employee Rights, Duties and Responsibilities

CLASS DETAILS:

- Open to all dealership employees - first-come, first-served
- Classes held 7 p.m. to 9:30 p.m. Tuesdays & Thursdays at Montgomery College's Rockville campus, Sept. to Dec.
- Cost is \$500 per student, payable by the dealer to WANADA
- (A portion of the cost may be shared by the employee at the dealer's option.)

*****Registration is Now Underway*****

Most ESOL classes have long waiting lists. WANADA *eliminated the wait* and created a program with Montgomery College specifically for dealership employees.

Dealers should identify employees who would benefit from ESOL classes and have them contact Steve Arabia or Bill Belew in the WANADA office at (202) 237-7200.

The dealership ESOL class at MC is a pilot program of WANADA's Automobile Dealer Education Institute and may soon be offered at Northern Virginia Community College.

Five Hotels Sold Out for NADA's 2008 Convention

Five hotels have already sold out for NADA's 2008 Convention & Exposition in San Francisco, February 9-12, due to the record pace of early online registrations. They include: The Fairmont, Mark Hopkins, Ritz Carlton, W San Francisco and Westin San Francisco (formerly the Argent Hotel).

Dealers are encouraged to register as soon as possible to get a hotel of your choice. For additional details on the Convention -- themed "Focus on Profitability!" -- and to register online, visit www.nada.org/convention. Convention promotional materials were recently mailed to all NADA members. Look for additional information on speakers and programs in the coming weeks.

IMPORTANT REMINDER!

Sign Up Before August 24 for WANADA Dealer Employee On-Site Flu Shot Program

Don't put it off. The deadline—**August 24, 2007**—is drawing near to sign up for WANADA's Employee On-Site Flu Shot Program. Once again administered by Norvar Health Services, the seasonal flu immunization/prevention program can reduce lost employee time by 70%. Providing your employees a seasonal flu shot program also increases employee satisfaction as well as the company's *bottom line*.

WANADA has negotiated with Norvar Health Services to provide flu immunizations, on-site at dealerships. What's more, Norvar assures us that they will have enough flu vaccine (barring no production or CDC imposed shortages) to handle WANADA registrants. The price per shot is \$23, for those registering on or before August 24. Note, too, that a prerequisite for on-site service is at least 20 participants at each location. After Aug 24, the price and availability are subject to change, based on the availability and price of flu vaccine.

A fax-back registration form is enclosed. Don't delay! Registrations are on a first come, first served basis.

Complete the enclosed form and fax it back to the flu shot fax line where it will be forwarded to Norvar Health Services. If you have multiple locations requiring on-site programs, please forward an addendum listing the address and information for each location. **A representative from Norvar Health Services** will then contact your designated point of contact about this coming fall's flu shot program.

Note: This registration is for the seasonal flu shot, NOT an H5N1 Avian flu or pandemic flu vaccine.

For more information, contact Martha Kowalski, director of WANADA Insurance Programs at (202) 237-7200, ext 24, or mk@wanada.org.

September is Child Passenger Safety Month: Join NADA in this Lifesaving Effort

Campaign provides a vital public service and an opportunity for positive public relations

New-car dealers around the country will host free child safety seat inspections at their dealerships as part of NADA's National Child Passenger Safety Month campaign in September. "Hosting an inspection event is a great way to protect the lives of our youngest passengers, while generating positive media coverage for your dealership and the important role you play in your community," said NADA Chairman Dale Willey.

To assist dealers in this effort, NADA created a "toolkit" called "Building Child Passenger Safety Awareness in Your Community." The toolkit provides step-by-step guidance on hosting an inspection event, and expert advice on generating media coverage of the event. The toolkit was mailed to NADA members along with the July issue of *NADA's AutoExec* magazine. NADA offers free consumer safety brochures for handout to parents, along with a video for use in dealership showrooms. For children, NADA teamed up with the *I'm Safe!* organization to provide a variety of kid-friendly car safety handouts at a discount.

Later this month, NADA will help promote these events to the media by posting a list of them, by state, on its website, www.nada.org. The Child Passenger Safety page of NADA's website also has everything you need to plan and host a child safety seat inspection at your dealership.

Staying Ahead...

Politicians are like diapers - you need to change them frequently and for the same reason.

-- Tom Dobbs
(as portrayed by
Robin Williams in *Man of the Year*)

Enclosures

- Mark Tewart's High Performance Selling Workshop Registration Form
- Flu Shot Reminder Form