



# THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

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## ADVERTISING MEDIA UPDATE:

### Newspapers Take Issue with J.D. Power Used Car Buyer Study



The Newspaper Association of America (NAA) was quick to take issue with the findings of the latest J.D. Power and Associates 2004 Used Autosopper.com Study, which suggested that the internet is relied upon more in used car purchase decisions than newspaper advertising.

According to the Power study on which the WANADA Bulletin reported July 28, 2004, 54% of used vehicle buyers used the Internet during their shopping process, up from 47% in 2003. The study said 36% of used vehicle buyers were impacted by information found online, up from 29% in 2003. Around 22% say they were impacted in their selection of sellers, which is up from 16%. And among Internet users, 85% say the Internet impacted the price they paid for their vehicle, while 66% of this group say it impacted which model to pur-

chase.

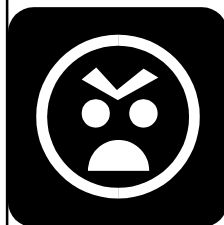
The study also found that, for the first time, online sources have outpaced traditional newspaper advertising as the method that led buyers to the vehicles they actually purchased. Only 9% of buyers say they found their used vehicle through a newspaper advertisement, while 11 percent attributed their purchase to the Internet.

“The Power study flies in the

face of logic,” says Jake Kelderman, NAA’s director of marketing for Auto Industry Relations. “As of June 2004, only 21.5% of the total used vehicle inventory is being offered online and the sales rate is 27.3%.

“Most troubling is that the  
*(Continued on page 2)*

### Study Says Most Loyal Customers are Those Who Have Complaints Resolved



“Auto buyers who complain about their vehicle quality or dealership experience and are happy with the way the dealership handles their complaints are more than 1.5 times as likely to be loyal to the dealership than non-complainers when purchasing their next vehicle,” according to a new study by Maritz Automotive Research Group.

The Maritz study found that the majority of people who complained to their dealership about their vehicle or dealership experience were not satisfied with the way their complaint was resolved. However, when customers’ complaints were resolved well, 60 percent returned to the dealership when replacing their vehicle. This compares to approximately 38 percent of non-complainers and only 30 percent of people who complained and were unsatisfied with the complaint resolution, returning to the dealership to purchase or lease a replacement vehicle. When looking at repurchasing or leasing the same make/brand of vehicle (regardless of the dealership), a similar

*(Continued on page 4)*

#### Inside...

- Sources of Information for Used Car Shoppers.....p.2
- Auto Auction Bidder Tips.....p.3
- Sen. Domenici Meets with NADA Executive Committee.....p.4
- Women’s Networking Event Set for NADA Convention... ..p.4

# Newspapers *Continued from page 1)*

Power study does not define what ‘impacted’ means, he adds. “Used vehicle shoppers use a multitude of media to help them decide. The key for dealers is understanding which of these the *actual* buyer relied upon most. That way they are properly allocating their advertising dollars.”

From a dealer perspective, Kelderman says, “I sure would like to know what Internet sites the consumers are talking about – the dealer’s or what third party vendor? And if, as Power says, 11% of used car buyers found their car online and only 9% found it in the newspaper, then where are the other 80% found?”

Kelderman points to recently released findings from CNW Marketing Research, Inc., which are part of the firm's ongoing studies of how con-

**“Of course dealers should have an online presence, but the newspaper automotive section is still the ‘touchstone’ of the local auto market for new and used vehicle buyers.”**

—Jake Kelderman

sumers use the media to help them decide on vehicle purchases. The study shows that, on average, approximately 91% of all used vehicle buyers use the newspaper to help them find the vehicle they are looking for and that nearly 60% rely on the paper as their "primary" source of information.

“No other media, including the Internet, approaches anywhere near these usage percentages,” says Kelderman.

CNW Marketing Research, Inc., also reports that as a pri-

mary source of information, newspapers outdistance the Internet by a full 26 percentage points for used car consumers shopping at franchised auto dealers, 60 percentage points for those shopping independent auto dealers and 67 percentage points for those shopping private party sales.

“The point is, you have to be very careful when determining how the Internet works,” says Kelderman. “One big issue the sites don’t talk about is the matter of multiple listing of vehicles on multiple sites. It’s just one car but when it sells, all the sites on which it was listed report it as sold by them. CNW looks at this very carefully and eliminates these double counts.

“You also need to look carefully at ‘time spent at a site’ because that is defined by both the nature of the site and the type of shopper doing the looking,” he added. “In the end, dealers are right to be interested only in the ‘qualified’ shopper/buyer and newspapers still deliver those better than any other media.

“Of course dealers should have an online presence, but the newspaper automotive section is still the ‘touchstone’ of the local auto market for new and used vehicle buyers,” says Kelderman.

## Source Of Media Information Used Vehicle Buyer, CY 2002

	Total Used	Total Used Primary	2-4 Yr Old All	2-4 Yr Old Primary
	All	Primary	All	Primary
TV Ad	2.2%	0.2%	2.9%	0.4%
Cons Mag	1.0%	0.1%	1.4%	0.2%
Friend/Relative	72.8%	16.4%	73.8%	19.3%
Biz Assoc.	55.4%	9.7%	59.1%	10.2%
Dealer Brochure	0.0%	0.0%	0.0%	0.0%
Cons. Rep.	21.4%	4.3%	41.6%	4.4%
Newspaper Ad (Local)	98.1%	63.9%	97.9%	55.8%
Auto Article (any source)	0.6%	0.0%	0.5%	0.0%
Radio Ad	0.9%	0.2%	1.2%	0.4%
Computer (Internet)	6.7%	2.2%	13.6%	5.6%
Auto Mag Ad	0.0%	0.0%	0.0%	0.0%
Auto Buyers' Guide	6.3%	1.3%	11.1%	1.9%
Co. Store/Mall Display	0.0%	0.0%	0.0%	0.0%
National Newspaper	0.0%	0.0%	0.0%	0.0%
Other	7.9%	1.7%	8.6%	1.8%

Source: CNW Marketing Research, Inc. Annual Purchase Path Report  
 Sample: 219,086

## NADA MONTHLY DEALER OPERATIONS COMMENTARY

# The Auto Auction: Bidder's Tips

## *Bidder's Strategy: Avoiding the Curse*

Sometimes even the best auction bidders can stumble and fall into psychological traps. Two such traps are known as the winner's and loser's curse.

**The Winner's Curse:** Some people bid just to win. They overpay for a vehicle and erode or even eliminate any potential profit. In addition, if they overpay for a vehicle they are less likely to put money into appearance reconditioning or mechanical repair, thus making the vehicle less attractive to a retail customer.

**The Loser's Curse:** Some people habitually bid below what an optimal strategy would dictate and regularly lose a vehicle to another bidder. The habitual low bidder may be afraid of risks or simply conservative. Either way, he doesn't win.

**The Cure:** Search engines available on auction web sites, printed market reports, and guide books provide buyers with current auction values. An accurate appraisal of a vehicle's condition is also critical. If a buyer does his homework and determines a vehicle's actual value and the cost of the purchase before the auction, he is more likely to walk away with the vehicles he needs and make money when a vehicle is sold to a retail customer.

### When Selling

**Consign Early.** The sooner your vehicles can be entered into the auction's database the better. Buyers can find them earlier and put them on their buy lists.

**Know the Market.** Study print and online auction Market Reports to determine a vehicle's worth. Take seasonal price adjustments into consideration—convertibles do better in spring and summer and SUVs in cooler months.

**Build a Reputation.** Although no eBay-style feedback rating at auto auctions exists, buyers quickly form an opinion of you as a seller. The better your reputation, the more bidders you'll have in your lane.

**Appearance Matters.** Reconditioning and detailing make a difference and can yield good returns.

### When Buying

**Do Your Homework.** Take advantage of auction information systems. The night before the auction use the database search function on the auction's web site to create your final buy list. On auction day, check the database from the kiosk for last-minute consignments. Finally, download the consignment database to your PDA and take it with you in the lots and lanes.

**Arrive Early and Walk the Lot.** There's no substitute for doing a thorough preview of the vehicles you wish to purchase. Sort and prioritize your best picks and assign values to your favorites.

**Make Yourself Known to the Auctioneer.** It's important to let the auctioneer or ring man know you are interested in a vehicle. There are many styles of bidding and the auctioneer will take note of yours.

**Don't lose the vehicle for the sake of \$100.** One more bid might get you the car you need.

The above was developed by Larry Tribble, owner and president of Southern Auto Auction, East Windsor, CT. It is excerpted from NADA Management Guide, A Dealer Guide to Auctions: Controlling Inventory, Increasing Profits, to be mailed next month to all NADA members. For more information or to order, call the National Automobile Dealers Association (NADA) at 800-252-6232, ext. 2 or 703-821-7227, or visit our website at [www.nada.org/mecatalog](http://www.nada.org/mecatalog). NADA members' price is \$25 plus shipping; cost to non-members is \$50 plus shipping.

## FOOTNOTES

### Senator Domenici Meets With NADA Executive Committee

Senator Pete V. Domenici (R-NM), chairman of the Senate Energy & Natural Resources Committee, addressed the NADA Executive Committee at its July 22 meeting. "The country is in trouble in terms of energy," he told attendees. He is proud of the energy bill his committee produced that encourages energy diversification and cooperation among providers, which is critical if the country is to meet its energy needs. Sen. Domenici acknowledged that there has been little success in passing bills this session – including the energy legislation – but expressed commitment to securing the needed legislation. He also commented on the pending transportation bill, which he said "is so important to everyone," and predicted that the recent good business climate should continue.

### Women's Networking Event Set For NADA Convention

"We had a responsibility to develop an opportunity for women to get together," said NADA at-large director Marcy Maguire, so NADA will host a Women's Networking Breakfast Jan. 29 during the 2005 NADA Convention. All female dealers are invited. According to Maguire, attendees will meet "major titans of the industry," including keynoter Ann Moore, Time Inc.'s first female CEO. At-large director Kathleen Sims said the women will be able to discuss key issues and hear about Dealer Academy courses and other NADA programs helpful to women. More info is at [www.nada.org/convention](http://www.nada.org/convention), or click the convention icon on NADA's home page.

### Loyal Customers *(Continued from page 1)*



relationship between complaint resolution and loyalty was found.

Said Maritz's David Ensing: "The ability of the dealership to satisfactorily resolve customers' complaints represents a key moment of truth for the consumer and a large opportunity for dealers. Dealerships are the face of the auto manufacturer. Dealerships and vehicle manufacturers need to work together to quickly and painlessly handle legitimate customer complaints. It turns out that, if handled well, complainers can be the most loyal customers."

The five-year tracking study, "Customer Complaints: An Opportunity to Increase or Decrease Customer Loyalty" is an analysis of 3,104 new vehicle buyers and lessees who responded to Maritz' 1998 New Vehicle Customer Survey and who were again surveyed in 2003. A summary of the findings is available online at <http://research.report.jul04.mr-2.us/feature2.phtml>.

### Staying Ahead...

*We can't all be heroes because somebody has to sit on the curb  
and clap as they go by.*

—Will Rogers