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**-Save the Date-**

2009 WANADA Annual Meeting and Luncheon  
with  
Congressional Leader Chris Van Hollen (D-Md).

Thursday, Nov. 19, 2009  
Hyatt Regency Capitol Hill

## **Leave Dealers Out of Proposed Consumer Agency Says NADA Urges Dealers to Press House Committee Members for Exemption**

Despite the best efforts of the National Automobile Dealers Association, the U.S. Chamber of Commerce and other business groups, the House Financial Services Committee, headed by Rep. Barney Frank (D-Mass.), is looking to revise the nation's financial regulatory system by establishing a "consumer financial protection agency." This action is coming about in light of the collapse of financial institutions last year and may yet include auto dealers under the new, financial watchdog agency that it is proposing.

Rep. Frank, at the behest of NADA, had agreed earlier this month to *exclude* dealers from agency oversight after he was informed that auto lending is already regulated by all 50 states, the Federal Reserve Board and Federal Trade Commission and that complaints about dealer financing were just 1 percent of all FTC complaints last year. Rep. Frank had proposed that if buyers got their own financing or paid cash those loans would not be subject to agency oversight. NADA, however, concluded that Rep. Frank's exemption was too narrowly drawn -- and that dealer financing would still be subject to regulation.

Accordingly, NADA is now pressing the Financial Services Committee to accept an amendment being offered by Rep. John Campbell, (R-Calif.), a former auto dealer, to exempt dealer transactions from the oversight of the new Consumer Financial Protection Agency and instead have dealers regulated by the Federal Trade Commission and the Federal Reserve. A vote on the amendment may come as soon as Tuesday, October 20.

"Last year's credit meltdown, which is still severely hampering the retail auto market, was not caused by auto dealers," NADA had told Rep. Frank, noting also that "The carefully crafted consumer financial regulation of auto lending has protected consumer interests for decades while historically providing the most efficient and affordable auto credit market in the world."

The Obama administration, which is supporting Rep. Frank's effort, wants all dealer transactions covered by the proposed oversight agency. Consumer groups urged the committee to regulate dealers as well.

"We strongly urge you to ensure that all activities of auto dealers related to the financing of cars are fully included under the jurisdiction of the (proposed) Consumer Financial Protection Agency," said a letter from about 30 groups, including the Consumer Federation of America, Consumers Union, National Council of La Raza and Public Citizen, released Monday. "Consumers desperately need federal protection from ubiquitous predatory auto lending practices and multibillion-dollar auto sales frauds."

The consumer groups said that "only where car buyers pay cash or obtain their own financing, should the loan activity not fall under the supervision of the agency."

NADA says that it will lobby against the bill when it comes up for a vote by the full House if dealers are not exempted.

## FYI: DC Dealer Tags Change Color

The District of Columbia is changing the color of its DMV dealer tags from green to blue and its manufacturer tag color from red to orange. The changeover is effective October 31, 2009.

Dealership owners are allowed to operate a vehicle displaying a dealer ID tag if they carry a Dealer Proof of Registration Card. Salespeople may also operate a vehicle with the dealer tag if they carry their valid salesperson's license. Dealership customers may operate a vehicle bearing the dealer tag for up to five (5) days if a Temporary Registration Certificate is affixed to the windshield of the vehicle.

## Young People Fall Out of Love with Cars

### J.D. Power Study Finds Teens and 20 Year Olds Don't Care Much about Cars

A new study of auto-related online commentary among teens and young adults by J.D. Power and Associates, has found that today's young people are less interested in buying or owning a vehicle than ever before.

J.D. Power and Associates analyzed hundreds of thousands of "conversations" on auto-related sites such as Autoblog, personal blogs and social networks such as Twitter and Facebook between January and August, and found owning a car or even physically congregating, which a car facilitates, is not that important to them.



WANADA Board Member Richard Patterson invites all WANADA members to join him at this annual event to honor the memory of Joan Hisaoka and the difference she is making in the lives of those affected by cancer.

Joan Hisaoka was the founder of Hisaoka Public Relations who lost her battle with cancer on May 14, 2008. The annual gala was created to honor Joan and her dream of assisting those living with cancer by supporting organizations that bring hope and healing to those faced with serious illness.

This year's event takes place on October 24, 2009 at the Mandarin Oriental in SW Washington, DC and will benefit the Smith Farm Center for Healing and the Arts.

The Mistress of Ceremonies will be NBC Chief Washington Correspondent Norah O'Donnell and the black tie event will feature a four course dinner, complete with wine pairings, prepared especially by James Beard Award winning chef, Eric Ziebold of CityZen Restaurant.

To support this worthy cause and/or register for what is sure to be an extraordinary event, please go to [www.joanhisaokagala.org](http://www.joanhisaokagala.org) or call 202-543-7388

The company says part of the reason could be economic because the cost of owning and maintaining a car likely makes less sense than it did years ago when gas was 30 cents a gallon. And "with the advent of social media and other forms of electronic communities, teens perceive less of a need to physically congregate, and less of a need for a mode of transportation."

"The negative perceptions of the automotive industry that teens and early careerists hold could have implications on future vehicle sales," said Chance Parker, vice president and general manager of J.D. Power and Associates Web Intelligence Division.

"Generation Y could have the greatest spending power of any generation -- even surpassing that of the baby boomers. It will be essential for automakers to earn the trust and loyalty of Gen-Y consumers, who are particularly critical of brands and products."

The L.A. Times reports that in Japan, the first major developed country to experience a decline in car ownership, disinterest among young people in owning cars is cited as one of the factors behind "demotorization."

It reports the trend already is having a serious effect on the Japanese auto industry and poses a threat to car-dependent businesses such as restaurants and retail establishments located away from public transportation lines.

The J.D. Power study's goal was to gauge the perceptions of Generation Y (those born in the 1980s and 1990s) toward the automotive industry in general, as well as toward specific vehicle brands. The analysis divided Gen Y into teens (12-18) and "early careerists" (22-29).

## **A New Era in Auto Advertising**

### **Getting Closer to Experiencing the Real Thing**

Despite studies indicating young people aren't that interested in owning an automobile, it is still critically important for automakers to reach them because they represent future sales, no matter what they think at present. Traditional media is not the way to do it, however, as there is little evidence to indicate they watch television commercials or listen to radio; hence the arrival of "Buzz" ad agencies, or ones that specialize in using "social media" to get the word out about a product.

They have names like Gaia Online, Undercurrent and Action Marketing Group and they deal in getting members of a "target audience" to "advertise" for a company using social media like UTube, Twitter, Facebook, Flickr and the like.

Ford is using this approach to launch its Fiesta here in 2010. The car is targeted at 14-30 year olds who might be interested in a \$13,000 Toyota Yaris or comparable Honda Fit. Ford has loaned 100 of the Fiestas to a select group of "agents" for six months and asked them to post videos on the web, and blog or Tweet about their lives and Fiesta experience. The reasoning behind the strategy is that likeminded people will follow these Web-savvy hipsters and thereby be enticed to consider a Fiesta.

Toyota had a variation on this theme when it launched the latest version of the Scion brand and also used the website Second Life to allow people to customize and "use" their Scion in that virtual world.

Ford thinks this kind of advertising is a great way to get more people to experience the Fiesta even if they can't get behind the wheel. A spokesperson for the company says that since the start of the program, the videos and photos the "agents" created have been viewed 4.3 million times on YouTube and 540,000 times on Flickr. "These videos may not be entertaining for us, but if someone is following the agents, it's entertaining for them," the spokesperson said.

Watching videos of how entertaining people use and drive a product may be the new wave in auto marketing, but experts in online marketing predict that the real breakthrough will come when realistic "virtual test drives" reach the scene in a few years. Volvo is already experimenting with the technology and other automakers are apt to follow rapidly. Consumers can now do extensive comparison price and features shopping via auto sites, but that will pale in experience to comparative test driving.

## Now this is a Dealership!

After six years of planning and construction, Audi has officially launched its largest dealership in the world. It is located in West London, takes up 190,000 sq ft and cost a total \$71.2 million to build. It is five stories high and has two basement levels housing a 32-bay service area and parking facilities.



The first three stories are showroom floors capable of displaying as many as 116 cars while the top two levels are so-called "Audi Quattro Rooms", a business and creative complex which operates as a conference centre.

Jeremy Hicks, director of Audi UK says the scale of the dealership is very emblematic of the increasing significance of Audi globally.

The dealership will be staffed by 100 personnel. Audi says approximately 30,000 customers are expected through its doors in the next 12 months.

## MD Dealer Alert – Environmental Regulation Compliance

We have been informed by a WANADA member that the Maryland Department of Environment is making random inspections to check that dealerships are in compliance with state regulations regarding hazardous waste management and waste oil storage. Maryland dealers are advised to review their regulatory responsibilities and procedures on a routine basis.

### Staying Ahead...

It's easy to make a buck. It's a lot tougher to make a difference.

**--Tom Brokaw**