

THE WANADA BULLETIN

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

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2016 NADA Convention turns out record attendance



Dealers kick off the NADA Convention in Las Vegas.

Maybe it was the new March/April timeframe, or the best new car sales climate in the industry's history. Whatever it was, dealers turned out big time, and were feeling optimistic as they converged on the 2016 NADA Convention in Las Vegas, March 31 to April 3. March sales came in strong, and most dealers have had a good year – especially if they sell light trucks and SUVs. A record

number – more than 25,000 new-car and truck dealers and their managers, including dealers from more than 30 countries, automaker executives and exhibitor staff – attended the convention.

The exhibit floor was sold out, packed with more than 600 companies offering equipment and technological aids for all dealership departments. Workshops were as busy as ever, especially the ones on new topics such as auto cyber-hacking and technology and the workshops featuring Facebook and Google. Dealers could choose from 120 workshops, with 64 new topics.

Convention attendees enthusiastically crowded the convention hall to hear the face-off between Republican pundit Karl Rove and Democrat Howard Dean who presented their divergent outlooks on America's future and who will, and will not, be the next president.

Before the convention started, NADA donated a new delivery van valued at \$52,000 to Three Square Food Bank. "This donation supports the NADA Convention and Expo's longtime host city of Las Vegas through Three Square's mission to provide nutritious food to more than 305,000 people who are at risk of hunger in Southern Nevada," said 2015 NADA Chairman Bill Fox. Fox is a multifranchise dealer in upstate New York.

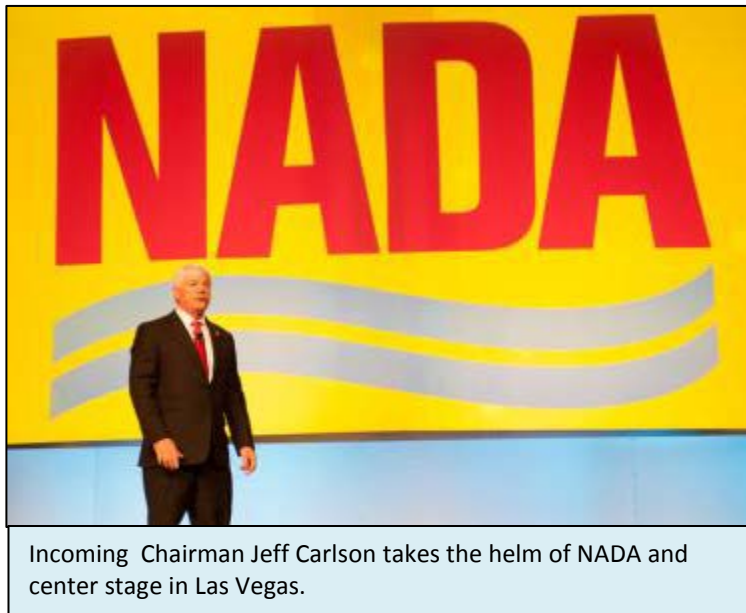


Outgoing NADA Chairman Bill Fox said NADA is adapting to change.

NADA leaders pledge continued advocacy for U.S. dealer members

In his farewell address to fellow NADA dealers, Fox spoke of the big organization changes NADA made in the past year, to wit: offloading the NADA Used Car Guide and the NADART 401k Plan. All this Fox said, was to better position the association for continued growth and to help it focus more resources on its principal mission of advocating on behalf of dealers. A survey of NADA members taken at the onset of Fox's chairmanship called on the association to focus on government and regulatory advocacy, automaker relations and defense of the franchise system.

2016 marks NADA's 99th anniversary. "And if NADA is to be the voice of the dealer for the next 99 years, then we must recognize change, confront change and adapt to change," Fox said.



Incoming Chairman Jeff Carlson takes the helm of NADA and center stage in Las Vegas.

Incoming NADA Chairman Jeff Carlson stayed on the message, carrying through the theme of advocacy for dealers. He highlighted several of NADA's priorities: continuing to downsize NADA's organization to carry out its primary mission of advocacy: promoting the value of the dealer franchise network for consumers; and helping dealers stay fixed on their mission of providing auto buyers with affordable mobility.

"We will advocate for all dealers, all of the time, everywhere, just as we have for the past 99 years," said Carlson, a Ford/Subaru dealer in

Colorado. "We will do that in the legislative and regulatory arenas. We will do that with our manufacturers."

NADA will stay the course on key advocacy issues, Carlson said, such as preserving the ability of dealers to discount auto loans and make credit affordable and accessible.

“The CFPB is overreaching into our business model, which will reduce consumer access to the most competitive credit market on the planet,” Carlson said. “But the best defense is a good offense. We’ve made sure to identify those in Washington who understand and respect our business.”

On the subject of recalls, NADA is working to make sure Washington understands that new-car dealers also want the driving public to stay safe.

“We need 100% of the dealers to perform 100% of the recalls 100% of the time,” Carlson said. “And we will because it’s the right thing to do.”

Karl Rove and Howard Dean agree: Trump won’t be president



Politico’s Mike Allen (left) with Howard Dean (center) and Karl Rove.

In a spirited, but polite political discussion at the NADA Convention, Republican Strategist Karl Rove and Democrat Howard Dean agreed on one hot button point – Donald Trump *will not* be elected president. Rove is former senior advisor and deputy

chief of staff to President George W. Bush, and Dean served as governor of Vermont and chairman of the Democratic National Committee. Both remain key players in American politics. The discussion was moderated by Mike Allen, chief White House correspondent for *Politico*.

Dean and Rove also discussed the tremendous social change that has culminated in what Dean called “the summer of Trump and gridlock in Washington.” Rove does not think Senator Ted Cruz will secure the GOP nomination either, but speculated that another candidate – as yet unknown – will be the Republican nominee.

The two also discussed the animosity between the two major political parties agreeing that the next president needs to reach across the aisle and develop inclusive relationships. Other topics the two addressed included the dwindling power of the news media, lack of substantive political reporting and the public’s yearning for controversy that is more akin to reality TV. Dean said Trump’s constant “outrageous statements” win him more television airtime than other candidates.

The main clash between Dean and Rove came over Hillary Rodham Clinton. Dean, a supporter of Clinton for president, told attendees they should be unconcerned about various controversies surrounding her past, including Clinton’s private email server and the Benghazi fallout. Rove strongly contested Dean’s points on Clinton.

Word from the convention.....

New light-vehicle sales on track for record year in 2016



NADA Chief Economist Steven Szakaly gave a robust forecast

New-vehicle sales are on track to reach NADA's forecast of 17.7 million vehicles this year, said NADA Chief Economist Steven Szakaly at a press conference during the NADA Convention.

"We are closing out a strong first quarter," Szakaly said. "With low interest rates, low gasoline prices and a rich selection of new vehicles with improved fuel and safety technology, it remains a great time for consumers to buy a car."

The average transaction price on a new vehicle was nearly \$34,000 at the end of the first quarter, Szakaly said, thanks to an increase in light-truck sales and the purchase of more options on vehicles. He predicted that light trucks will reach 57 percent of U.S. new-vehicle sales this year.

Car segments will remain weak, he said, with incentives on small, midsize and luxury cars expected to rise as the year progresses. But Szakaly said incentives on light trucks will fall.

NADA: Dealership pre-tax profit flat at 2.2% But dealer employment continues to rise

For the fifth straight year, net pretax profit at dealerships as a percent of total sales was 2.2%, according to *NADA Data 2015*, the annual financial profile of new-car dealerships.

NADA Data spotlighted many milestones achieved by the retail auto industry last year:

- Franchised dealerships sold a record 17.3 million-plus new vehicles.
- The average selling price of a new vehicle was \$33,419, up 2.5% from 2014.
- Average selling price of used vehicles sold was \$19,397, up 2.9% from 2014.
- Average new vehicles sold per dealership was 1,050.
- Total number of new-car dealerships was 16,545, up 149 dealerships from 2014.
- New-car dealership employment reached 1.11 million, up from 1.06 million in 2014.
- Average number of employees per dealership was 67, up from 65 in 2014.
- Average dealership payroll was \$3.8 million, up nearly 8% from 2014.

In each of the past three years, dealership employees have seen their incomes rise by more than 2% and total compensation increase by almost 6%. This increase has outpaced total compensation in other retail sectors, and dealers boast one of the highest average salaries of all industries.

"For 2016, expect dealership employment to reach an all-time high," said NADA Chief Economist Steven Szakaly.

NADA Dealership Workforce Study shows growth industry

The *NADA 2015 Dealership Workforce Study*, which analyzed 2014 data, shows a growth industry with good earnings opportunity.

"America's new-car dealerships created new jobs, provided well-above-average wages and generated weekly earnings growth that kept pace with or exceeded U.S. private-sector income growth," said NADA Chief Economist Steven Szakaly.

Most of the income growth came from continued improvements in dealership employee productivity, which was up 3.4%.

Although new-car dealership employee turnover increased, total turnover was still lower than the U.S. private sector average. Only one key position, sales consultant, exceeded the U.S. private sector industry average of 44 percent.

The 2015 study analyzed 290,000 payroll records. The enrollment period for dealerships to participate in the next study ends April 29.

California dealer, Greg Kaminsky, sets course as AIADA chairman

El Cajon, California, dealer Greg Kaminsky was recognized as 2016 chairman of the American International Automobile Dealers Association at AIADA's Annual Meeting in Las Vegas, held in conjunction with the NADA Convention. Kaminsky became chairman in February.

Also during its Annual Meeting, AIADA presented Charlottesville, VA, dealer H. Carter Myers, III with the 2016 David F. Mungenast Sr. Lifetime Achievement Award. The award is named after the late AIADA Chairman who was known throughout the auto retail industry for his commitment to his community and the industry. A third-generation dealer, Myers joined the family Ford dealership in 1965 and has grown the business into 12 franchises throughout central and western Virginia. He is also a past chairman of NADA.



Kaminsky chairing AIADA Annual Meeting

WANADA dealers in the spotlight at NADA Convention

Daniel Jobe, Capitol Cadillac/Buick/GMC, joins NADA Board



NADA Directors Daniel Jobe (left), Geoff Pohanka & Bruce Farrell at MADA/VADA/WANADA Reception

WANADA is pleased to recognize Daniel Jobe of Capitol Cadillac/Buick/GMC, who this year joined the NADA Board representing Maryland. He will serve with Geoff Pohanka, Pohanka Automotive, who represents the NADA "state" of Metropolitan Washington. Both Daniel and Geoff, additionally, serve on WANADA's Board, and together with Bruce Farrell of Berglund Automotive in southwest Virginia, represent the DC region, Maryland and Virginia at NADA. Bruce serves on VADA's Board and Daniel will join MADA's Board representing Maryland dealers at NADA. Washington area dealers, therefore, have at least two representatives on NADA's Board, and maybe three if they have dealerships in Maryland and Northern Virginia.

NADA's 63 member Board represents all 50 U.S. states, some of which are assigned more than one state director, either by virtue of a heavily populated geographical split, or by way of a major metropolitan area. Besides Metro Washington, there are NADA metro "states" in Greater New York, Chicago, Detroit and Cleveland. There are additional state directors for eastern and western Pennsylvania; east and west Texas; and northern and southern California. There are also

at large NADA Board seats representing dealers east and west of the Mississippi. And finally, the chairman of the American Truck Dealers Board has a seat at NADA.

WANADA’s John O’Donnell elected to ATAE Board



John O’Donnell

At its Annual Meeting at the recent NADA Convention in Las Vegas, the Automotive Trade Association Executives confirmed that WANADA CEO John O’Donnell was elected to its Board of Directors where he has begun a two- year term in the leadership of the North American auto dealer association group. Headquartered in the NADA offices in McLean, VA, ATAE interacts with NADA on its national dealer organization programming and matters of federal level dealer group advocacy.

The ATAE dealer network is comprised of about 100 state and major metro level new car dealer organizations in the U.S. and Canada. It is a CEO organization with other dealer association senior executives involved as determined by each association CEO. There are four organization-wide member meetings throughout the year: the Annual Meeting occurring in conjunction with the NADA Convention; the ATAE Summer Conference; the Washington, DC Conference in September; and the Law and Legislation Conference in October. The Washington Conference brings together ATAEs from around the U.S., with their dealer leaders, along with NADA, AIADA and NAMAD leadership for the purpose of contacting members of Congress about the national dealer government relations agenda.

This year’s ATAE Annual Meeting focused on various assaults on the dealer franchise system, principally from federal regulators and plaintiffs’ lawyer groups, all under the touted auspices of consumer protection. NADA to its credit has assembled a number of helpful studies to refute such specious regulatory positions as the Consumer Finance Protection Bureau’s attack on dealer credit arranging for alleged discrimination against minority car buyers.

ATAE’s Board is comprised of 12 members, two from each of four regions in the U.S and Canada, with the remaining four being the officers who are elected each year on an *at large* basis. This year’s ATAE chairman is Craig Bickmore, president of the Utah Auto Dealers Association. WANADA has a longstanding connection with ATAE going back to its founding before the 1920s. Preceding John O’Donnell were three generations of Murphy CEOs at WANADA who served in the leadership of ATAE, with Gerry Murphy being elected to honorary membership last year.

Kevin Reilly & Bill Aschenbach Time Dealers of the Year



Kevin Reilly with daughter Karina.



Bill Aschenbach with wife Joanne.

WANADA is proud to report that two Washington area dealers were recognized as Time Dealer of the Year recipients at the NADA Convention – WANADA’s nominee, Kevin Reilly of Alexandria Hyundai and MADA’s nominee, Bill Aschenbach of King Automotive Group.

The Time Dealer Award -- co-sponsored by Ally Financial--is bestowed annually on dealers across the U.S. who have distinguished themselves as exceptional automotive retailers, to include industry

leadership and support of worthy community causes. Kevin currently serves as WANADA's treasurer and immediate past chairman of The Washington Auto Show. Bill serves on the MADA Board, and, like Kevin, is a second generation dealer following his father into the business. Bill's dad, Conrad, was a Time Dealer earlier on.

This year, there were 50 Time Dealers, with Kevin being a regional finalist in contention for the position of National Time Dealer of the Year.

Denis Elmer of Priority Toyota in Chesapeake, Virginia was the Time Dealer for Virginia who is said to be expanding his operations to Northern Virginia, which had he been here would have brought the number to three Time Dealers from the Washington area.

To Kevin, Bill and Dennis, WANADA offers sincere congratulations for the well-deserved, high honor of Time Dealer of the Year.

Northwood Dealer Education Award to Ralph Mastantuono



NU President, Keith Pretty (left) presenting Dealer Education Award to Ralph Mastantuono

Washington area dealer Ralph Mastantuono, Mercedes Benz of Alexandria, was one of a select group of dealers who received Northwood University's prestigious Dealer Education Award at the NADA Convention. Since 1972, Northwood has recognized individuals in the automotive marketing field who have made noteworthy contributions to public or private education.

Besides Ralph, four others got the DEA.

Northwood's unique bachelor's degree program in dealership management has drawn scores of prospective dealer executives over the years to include any number of prominent Washington area dealer principals.

WANADA salutes Ralph on the well-earned recognition.

MADA/VADA/WANADA Reception at NADA lives up to its rep as the "best party at the convention." And this year it also delivers the best view!



Scott Addison, Fitzgerald Auto Malls, suited up to free fall.

Long renowned as the "go-to party" at the NADA Convention, the MADA/VADA/WANADA Reception this year in Las Vegas was a bell ringer in all respects. Just ask Scott Addison of Fitzgerald Auto Malls who tried the free fall jump from 830 feet up off the Stratosphere Hotel Observation Deck, sites of this year's Maryland/Virginia/Washington Area party. While few, if any, of the other dealers at the well-attended Tri Associations' Reception followed Scott out the window, jumpers from other quarters of the Stratosphere formed a steady line throughout the evening for the opportunity to take the plunge into the high altitude, relatively temperate Las Vegas desert air (click [here](#) for video of Scott's jump). What MADA, VADA and WANADA dealers and their industry colleagues *all* enjoyed were breath taking views of the entire Las Vegas city scape from the 360 degree, 108 stories high Observation Deck, along with second-to-none convention attendee fellowship!

From the Observation Deck at the Stratosphere Hotel, Las Vegas The MADA/VADA/WANADA Reception at NADA, 2016



Three dealer association chiefs: Peter Kitzmiller, MADA; John O'Donnell, WANADA; Don Hall, VADA



NADA Directors, Daniel Jobe (Maryland) (left); Geoff Pohanka, (Metro Washington)



TIME Dealer, Kevin Reilly, Alexandria Hyundai with Peter Welch, NADA President



Chip and George Doetsch, Apple Ford/Lincoln



Charlie Stringfellow, Malloy Hyundai, and Mike Hanchuruk, DARCARS



Pat Watson, TRUECar, Reception Sponsor



Mike Johansen, RWLLC, Reception Sponsor, Lynn Kitzmiller and Ethel Biensach, MADA



Former NADA COO Bruce Kelleher (left) with Pat McCarthy and son Frank McCarthy, Jr., Sheehy Auto Stores.



Don Hannahs, PSG advisors (left) with Joe Koch and Ed Mullaney of WANADA.



Linda and Sam Weaver, Chevy Chase Cars



Conrad and Lois Aschenbach, King Automotive



Geoff Pohanka, Pohanka Automotive and David Regan, NADA Legislative Chief



Nancy Stringfellow, Anne Kline, Barbara Pomerance and Jackie Murphy



Tom Parsons, B&R Associates



Dealer association veterans: Gerry Murphy, WANADA and Al Scrimger, MADA



Mike Bennett, Ourisman of VA and John O'Donnell, WANADA



Time Dealer Bill Aschenbach, King Automotive Group, flanked by family (from the left): Conrad (the younger), Joanne, Bill, Lawson, Conrad and Lois.



NADA Legislative Team Mike Harrington, Laura Perrotta, Ivette Rivera and husband Mike Hayes.



Harold Redden, Fitzgerald Auto Malls; Craig Chapman, Cars.com; and Rob Whiteside, Washington Post.



Bob Storin, WANADA with Gillian Lynch.



Chris Marten, formerly of Martens Cars.



Paul Ritchie, Hagerstown Honda & chairman-elect of AIADA with Gerry Murphy, WANADA

MADA/VADA/WANADA Reception Sponsors!



Special thanks, to the reception organizers!

Natalie Hall, VADA; Ethel Biensach, MADA; Bob Storin and Kathy Teich, WANADA.

Staying Ahead...

Most of all, we're connected in an industry – and with a product – that generates emotion and equates to freedom. That's the way the auto industry and the American dream have aligned for millions of Americans over our last 99 years.

--Jeff Carlson, incoming NADA chairman
speaking at the 2016 NADA Convention

