



THE WANADA BULLETIN

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

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Headlines...

Virginia budget standoff over Medicaid shows no sign of abating

Md. joins its counties, Montgomery & Prince George's, and DC in raising minimum wage

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Virginia budget standoff over Medicaid shows no sign of abating

Will the Virginia government shut down with the start of the fiscal year drawing near on July 1, as the federal government did? Both Republicans and Democrats are using that threat as they stick to their respective positions on Medicaid expansion. Governor Terry McAuliffe has made expansion of the health care program his signature issue. Republicans say that although the federal government is slated to pay the program's future costs, they believe the feds will back off that guarantee and Virginia will be stuck with the tab.

In a compromise of sorts, the state Senate passed a bill that expands Medicaid eligibility through Marketplace Virginia, which uses federal money to provide private insurance to low-income residents, reports the Associated Press. Participants must pay up to 5 percent of their income to buy insurance through the program.

The Republican-controlled House did not take up the Senate bill. Republicans insist that a budget should be passed separate from Medicaid expansion, which they said could be discussed later. Both chambers have left Richmond after the Special Session failed to produce a budget, with no plans to return to the state capital.

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Md. joins its counties, Montgomery & Prince George's, and DC in raising the minimum wage

Four year phase in disappoints Gov. O'Malley



Montgomery and Prince George's counties have a higher minimum wage than the rest of the state.

Like always, the last day of the Maryland General Assembly was full of drama and compromise. By then, it was no surprise that the minimum wage bill passed, albeit the vote in the House was 87 to 47. Raising the wage floor to \$10.10 was Governor Martin O'Malley's top priority, but he didn't get everything he wanted. The increase will be raised in stages and reach \$10.10 in 2018, two years later than the governor had planned. The base wage will rise from \$7.25 now to \$8.00 on January 1, 2015; to \$8.25 in July 2015; then \$8.75 in July 2016; to \$9.25 in July 2017; and, finally, \$10.10 by July 2018. There is a "training wage" for employees age 19 and younger, who can be paid 85 percent of the minimum.

The bill originally had a provision to peg the minimum to inflation, but that was pulled to placate Republicans and conservative Democrats. Some members of the Assembly had discussed a two-tiered minimum wage, with a lower floor in the western part of the state, where businesses must compete with West Virginia's lower wages, but that was not part of the final bill.

Like the governor, but for opposite reasons, Republicans were unhappy with the outcome, saying that a higher minimum wage would result in job losses. "The reality is that in the long run, it will hurt jobs," said Del. Andrew Serafini, according to the Washington Post. Added Del. Michael McDermott, with the wage hike, "you guarantee Maryland will be the leader in inflation for our region," reports the Baltimore Sun.

Democratic Del. Dereck Davis said arguments about poor timing were unconvincing. "If not now, when?" he told the New York Times. "By the logic we keep hearing on the floor, we should never raise the minimum wage."

The state vote had already been superseded locally by action to raise the wage floor to \$11.50 by 2017 in both Montgomery and Prince George's counties. Both counties will follow a similar phase in to what is mandated by the state plan with the base wage rising to \$8.40 in October 2014; then \$9.55 in October 2015; to \$10.75 in October 2016; and \$11.50 in October 2017.

Progressives in Congress haven't been able to muster the votes in Washington to raise the federal minimum wage to \$10.10 as Maryland did, nor could the Virginia General Assembly this year garner enough votes to raise it there where the level remains at \$7.20/hour.

DC continues to lead the region in having the highest minimum wage, which today is \$8.25/hour, slated to go to \$11.50 by July 2016, per legislation signed into law by the mayor earlier this year. DC and Maryland, then, join 13 other states nationwide that increased minimum wage, or implemented plans to do so.

Ballots coming to WANADA dealers from NADA on the Metro Washington director position that expires in 2015

Tammy Darvish seeks reelection to a third term

A letter via U.S. Mail will post today from NADA to WANADA members in NADA's director district for Metropolitan Washington regarding the impending expiration of the director representative term here next January. The letter will also describe balloting NADA will do among WANADA members to fill the seat that will occur in a subsequent mailing on May 9 with a return date of May 30.

Tamara Darvish of DARCARS, who currently represents Metropolitan Washington dealers on the NADA Board, has said she'll seek reelection from her fellow dealers for the three year term that will commence in January, 2015 at the NADA Convention. In the interim, she'll finish off her 2nd term on the NADA Board and serve a third term if reelected.

Metro Washington, DC is one of 58 director districts or "NADA states" that dealers from across the country represent on the national board that includes the 50 U.S. states -- three of the more populous being divided in two -- and a number of major metropolitan areas, like ours encompassing the National Capital Area. In total, NADA's Board can have up to 64 directors, several of whom are *at large*, such as the American Truck Dealer representative.

WANADA cooperates and interacts with NADA, F.B.O. mutual dealer members in the NADA director district as do other state and metropolitan area dealer associations in the Automotive Trade Associations' network (ATAE).

WANADA, of course, takes no position on NADA director balloting which remains entirely among those dealers seeking to join or be reelected to the NADA Board. That said, WANADA encourages its mutual members with NADA to actively engage with NADA including with its Metro Washington director who is an honorary member of WANADA's Board.

Note, finally, that NADA balloting for expired director seats is important, because even with uncontested positions on the board *all* candidates must garner the votes of at least ten percent of the NADA dealers in the director district.

Customers with prepaid vehicle maintenance packages double

The percentage of vehicle owners with complimentary or prepaid maintenance packages has more than doubled in the past five years, benefitting dealers and manufacturers through higher loyalty and repurchase rates, according to the recently released J.D. Power 2014 Customer Service Index Study.

Additionally, the study found that 68 percent of luxury vehicle owners and 46 percent of mass market brand owners said their vehicle was covered under a complimentary or prepaid package in the first year, compared with 35 percent of luxury and 15 percent of mass market brand owners in 2009. J.D. Power reports that 72 percent of owners with a complimentary or prepaid maintenance package bought the same vehicle on their next purchase, compared with 62 percent of those without the package.



Service on cars such as the CTS-V wagon helped Cadillac rank highest among luxury nameplates for satisfaction with dealer service.

“Maintenance packages – whether they’re complimentary or paid for by owners – create a long-term relationship between the customer and dealership, which, when coupled with satisfying service experiences during that period, can have a very positive impact on loyalty rates,” said Chris Sutton, senior director of the U.S. Automotive Retail Practice at J.D. Power.

Cadillac ranks highest in satisfaction with dealer service among luxury brands. The rest of the top five luxury nameplates are Audi, Lexus, Infiniti and Lincoln. Buick is the highest among mass market brands, followed by Volkswagen, GMC, Mini and Chevrolet.

The survey also found that owners use ratings and review sites to select a dealer for service 17 percent of the time and social networking sites 15 percent of the time. Owners of traditional U.S. brand vehicles use social networking sites at a much higher rate, while owners of overseas-based brands prefer ratings and review sites.



New DC Chamber CEO Harry Wingo with WANADA's John O'Donnell, recently

WANADA meets new DC Chamber of Commerce CEO

WANADA Executive Vice President John O'Donnell mingled with local business leaders at a recent DC Chamber of Commerce “Meet the New CEO” event. New President and CEO Harry Wingo was most recently managing partner of West River Solutions, a DC-based technology consulting firm focused on cybersecurity. He has also been a lobbyist for Google, having earlier earned his stripes as a graduate of the Naval Academy

and Yale Law School before becoming a Navy SEAL.

Some of Wingo's top issues for the Chamber are taxes, business regulations, workforce development and improved education. As shown by his background, he is a big believer in the usefulness of technology.

"No matter what the sector or size of the organization, it is important that we all embrace the advances of technology and leverage it to improve the way we do business," Wingo said.

WANADA Board member publicizes Distracted Driving Month

In a recently published opinion piece, WANADA Board member Alex Perdikis, general manager of Koons Ford of Silver Spring, called attention to the problem of distracted driving. Under the headline "Let's recommit to safe driving," the article published on Gazette.net noted that Ford dealers nationwide recognize April as Distracted Driving Awareness Month.

"Distracted driving is a dangerous epidemic on Maryland's roadways," the piece reads. In 2011, 231 Marylanders died and 29,050 were injured in distracted driver crashes, according to the Maryland Highway Safety Office.

Distracted driving doesn't just mean texting, Perdikis said. "Distracted driving is any activity – eating, caring for children, personal grooming or even driving 'selfies' – that can divert a person's attention away from the primary task of driving and endangers the safety of the driver, passengers and bystanders."

Used vehicle sales soar in March vs. last month and last year

U.S. franchised dealers in March saw their used sales jump more than 50 percent from cold, snowy February. Year over year, all used sales climbed 2.7 percent, with franchised units up 1 percent. Franchised transaction prices soared 10.8 percent from March 2013, thanks to the growing number of *Certified/Pre-Owned* units. Figures are from CNW Marketing.

The robust sales came despite 13 percent fewer used-car shoppers searching lots than a year ago, signaling that pent-up demand could finally be easing.

Honda, Mercedes, Ford win brand image awards

Honda won the Best Overall Brand Award in Kelley Blue Book's annual survey, and Mercedes won for Best Overall Luxury



Brand. Ford took the Truck Brand Image Award.

“With strong marketing communications coming from auto manufacturers and dealers, and the increased importance of peer reviews and ratings, consumers today are more influenced than ever to take interest in a brand, ultimately affecting their vehicle purchase decisions,” said Hwei-Lin Oetken, vice president of market intelligence for Kelley Blue Book.

Honda won the Best Overall Brand Award for the second year running, garnering the highest average scores among all 12 brand watch factors, including affordability, “cool” factor, driving comfort, driving performance, durability/reliability, exterior styling, fuel efficiency, interior layout, prestige/sophistication, reputation, ruggedness and safety (listed in alphabetical order). Strong consumer perception of the Accord, Civic, CR-V and Odyssey helped drive Honda’s high scores. Honda also won Most Trusted Brand.

Kia earned its first-ever Brand Image Award for Best Value Brand, taking the title from last year’s winner Honda. Kia received high marks on affordability and fuel efficiency. Other winners among the non-luxury brands: GMC for most refined, Mini for best performance and Chevrolet for best car styling.

Among luxury brands, Lexus won for most trusted, Buick for best value, Mercedes for most refined, Porsche for best performance and Jaguar for best car styling.

Kelley Blue Book surveys 12,000 new-car shoppers for the annual survey.

High gas prices no longer fueling a decline in driving

Americans have grown significantly less likely to change their driving habits or lifestyle to offset gas prices, according to a new survey by the American Automobile Association (AAA). Only half of U.S. adults are doing something to offset gas prices – about 15 percent less than a year ago.

“Less expensive gasoline may encourage people to drive more and worry less about the financial burden of filling up their tanks,” said Bob Darbelnet, president and CEO of AAA.

Gasoline demand increased 1.1 percent in 2013, the largest annual increase since 2006, according to the Energy Information Administration.

For the 53 percent of Americans who say they are changing their driving habits or lifestyle to offset gas prices, the most common measures are combining errands or trips (85 percent), driving less (84 percent), reducing shopping or dining out, delaying major purchases, and driving a more fuel-efficient vehicle (49 percent).

Thought for the Week...

We are America. We respond, we endure, we overcome and we own the finish line.

-- Vice President Joe Biden in Boston on the anniversary
of the Marathon bombing

WASHINGTON AREA NEW AUTOMOBILE DEALERS ASSOCIATION