

THE WANADA BULLETIN

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

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Dinner set to mark CEO transition at WANADA

Thursday, May 29, *New Marriott Marquis/Convention Center*

WANADA's members along with other industry and community leaders, have been invited to celebrate 70 years of the automobile business in Washington when the association will mark the occasion of Gerard Murphy stepping out as its president and CEO on Thursday, May 29, 2014 at the newly opened Marriott Marquis Hotel adjacent to the Washington Convention Center in downtown DC. *Seventy years* comes from the legacy Gerry Murphy has carried forward at WANADA in successively following his father, Mike, and grandfather, Richard, as CEO of WANADA.

The current Murphy, whose tenure as chief of staff at WANADA goes back to 1983, officially "passes the keys to the office" July 1st to John O'Donnell who has been the organization's executive vice president since 2006.

The special WANADA member dinner will be the first event of its kind to occur in the new Marriott Marquis



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scheduled to open this week as one of Washington's largest, most prestigious hotels and one that has been planned to service the Walter E. Washington Convention Center since it opened ten years ago. The W.E.WCC, of course, is the world class venue of The Washington Auto Show, which WANADA has effectively transitioned into the industry-wide event it has become as The Public Policy Show on the global auto show circuit.

For registration information, click [here](#). For sponsorship opportunities and detailed event information, contact Kristina Henry at (202) 237-7200 or kh@wanada.org

WANADA lines up dealer briefing on avoiding charges of discrimination with car loans

9:00 am-11:00 am, Tuesday, May 20, Ritz/Tysons

In the wake of all the allegations of discrimination against minorities in the arrangement of consumer loans for car purchases levelled at auto dealers by Obama administration regulators at the Consumer Financial Protection Bureau, WANADA has assembled a distinguished panel of experts with timely advice for members on managing the F&I process to ensure legal compliance and avoidance of actions for illegal discriminating on car loans.

The panel is comprised of Paul Metrey of NADA's legal group, auto dealer lawyer Mike Charapp and Chris Stinebert of AFSA. The meeting is in the format of a management briefing, set for 9:00 am, Tuesday May 20, 2014 at the Ritz/Tysons Corner.

Because of the importance of this briefing to dealers, there is *no charge* to WANADA member representatives; all other \$150 per person. To download the registration and information sheet, [click here](#) or contact Kristina Henry at (202) 237-7200 or kh@wanada.org

FTC officials signal agency support of Tesla in direct-sales battle

A blog post by three Federal Trade Commission officials caused a stir when it defended Tesla's effort to sell cars directly to consumers and said efforts to "protect existing middlemen from new competition" is "bad policy." The "middlemen" these bloggers reference, of course, is *regulator-speak* for auto dealers.

The blog post, headlined "Who decides how consumers should shop?" attacks the entire dealer franchise system. "For decades, laws in many states have required consumers to purchase their cars solely from local, independent auto dealers. Removing these regulatory impediments may be essential to allow consumers access to new ways of shopping that have become available in many industries."

Maryland and Virginia, along with Arizona, New Jersey and Texas, have reaffirmed auto retail licensing laws that disallow automakers from selling directly to consumers. Says the FTC post, "Instead of 'protecting,' these state laws became 'protectionist,' perpetuating one way of selling cars – the independent car dealer."

The post is written by the directors of the Office of Planning Policy, the Bureau of Competition and the Bureau of Economics at the FTC. A note with the post says the views are their own and "don't necessarily reflect the views of the FTC or individual commissioners."

NADA rebutted the blog post in a statement to Automotive News. "If a factory owned all of its stores, it could set prices and buyers would lose virtually all bargaining power," spokesman Jonathan Collegio told *Automotive News*.

Subprime lenders grow more cautious, says Moody's



Moody's sees greater caution, but not a major slowdown, in subprime lending.

Subprime auto lenders have become increasingly cautious in making loans to risky buyers, says a recent analysis by Moody's. One indication of lenders' increasing caution is the improved borrower credit scores for used auto loans in fourth-quarter 2013, the first year-over-year improvement since 2010. Other evidence is slower growth in captives, banks and credit unions' share of subprime loans.

"Declining competition from nontraditional subprime lenders puts less pressure on independent finance companies to lend to weaker borrowers to maintain their lending volumes," says Peter McNally, Moody's vice president and senior analyst.

Rising interest rates on subprime loans also shows that lenders are becoming more cautious. But "rising loan-to-values and loan terms suggest that lenders are still willing to take on increasing risk," says McNally. "So we don't anticipate a major slowdown in subprime lending."

More buyers skip the test drive, with many visiting only one dealer

The importance of test drives may be diminishing, according to a recent survey by dealership marketing firm DMEautomotive. The survey of 2,000 new and used car buyers found that 16 percent took no test drive, and 33 percent test drove only one car. More than two-thirds visited two or fewer dealerships before buying, and 40 percent visited only one.

Mary Sheridan, manager of research and analytics at DMEautomotive, stated that more of the car search and ownership process is moving online "with four in five people using the Internet for car buying, visiting 10 auto websites in the process," she said. "Dealers need to have the most powerful online presence wherever dealer/vehicle selection is happening, and work far harder to keep customers close throughout the ownership cycle."

Even among used car buyers, 18 percent did not test drive any cars before buying, and 30 percent test drove only one. Buyers under 35 are only slightly more likely to test drive a new or used car. Women are more likely to skip the test drive (19 percent of women versus 12 percent of men).

The survey found that 68 percent of buyers visit two dealerships or fewer, and only 15 percent visit four or more before buying. The data confirms recent industry research -- such as a survey from McKinsey in February -- that found that buyers visit 1.6 dealerships before buying, plummeting from five visits a decade ago.



Younger buyers are more likely to take a test drive.

Perception of GM brand has started to turn around



Consumer perception of Chevrolet models like this 2014 Malibu have already gone from negative to neutral.

Consumer perception of General Motors hit its lowest point in mid-April, but is on the upswing, according to YouGov, which tracks brand perception nationwide. Chevrolet didn't fall as low in brand perception as GM overall and is now seen as "neutral." Setbacks such as Chevrolet's issues with the Cobalt and its faulty ignition apparently has had no bearing on Chevy popularity.

Perception of GM did not fall as fast or as low as it did for Toyota during its 2010 recalls. Although GM has turned around, there is still some degree of negative perception.

To create the BrandIndex Buzz score, YouGov asks consumers, "If you're heard anything about the brand in the last two weeks, through advertising, news or word of mouth, was it positive or negative?"

All DC licenses must be replaced starting May 1

All DC drivers' licenses must be replaced starting May 1 to comply with federal requirements put in place after 9/11. The city must revalidate every driver's proof of identity, as part of a national effort to improve the reliability and accuracy of driver's licenses and ID cards. The initiative aims to deter terrorists from evading detection by using fraudulent ID. The new licenses and ID cards are called Real ID.

The documents for verifying proof of identity, social security number and address have changed. Both first time DC applicants and existing DC driver's license holders will have to provide original documents as proof of identity to include social security number, and lawful presence in the U.S. and current residence in DC. These documents may include an original birth certificate or passport for proof of identity, and a W2 or pay statement for proof of social security number.

Residents will be notified by mail when they need to bring documents to DC DMV to renew their license. Those who have been notified will not be charged a fee.

The new driver's license will have a star in the upper right hand corner. Existing driver's licenses will be valid until they expire. For more information, click [here](#).

10 best green cars of 2014 named by Kelley Blue Book

Kelley Blue Book ranks the electric BMW i3 as "the best green car of 2014." Not only is it built at an ecologically friendly plant, but it is offered as electric or gas-assisted range-extender, and features an ultra-light carbon fiber body, reports KBB.com.

The rest of the 10 best green cars are: Nissan Leaf, Toyota Prius, Honda Accord Hybrid, Tesla Model S, Chevrolet Volt, Ford C-Max Hybrid, and Honda Civic CNG, Lexus ES 300h and Volkswagen Jetta TDI.



KBB's best green car is BMW i3

Driver Privacy Act, which includes “black box” privacy, moves ahead in Senate

The Driver Privacy Act, which states that a vehicle owner owns the information collected by the vehicle’s Event Data Recorder, has passed the Senate Commerce Committee and moved to the full Senate. Although little is moving in Congress these days, the bill does have 23 co-sponsors from both parties.

The EDR or “black box,” can collect at least 45 pieces of information about a vehicle’s operation that can be retrieved at any time. The information includes direction, speed, seat belt usage and other data. The legislation would ensure that the vehicle owner controls the data to protect personal privacy.

The National Highway Traffic Safety Administration estimates that more than 96 percent of new models are equipped with EDR. In December 2012, the agency proposed rules that would mandate installation of EDRs in all light-duty vehicles. The proposal raised questions about ownership of the data.

Virginia and 13 other states have passed laws protecting vehicle owner privacy of EDR data.

Special screening of Mustang documentary (horse, not car)

WANADA Kindred Line member Chesapeake Petroleum extends a special invitation to dealers to attend a VIP reception and screening of “American Mustang,” which aims to start a national dialogue about the management of wild horses and their preservation on the western range.

The reception, hosted by Ellie Phipps Price and Victoria McCullough, is at 6:00 p.m. on May 7 at Legal Sea Foods, 704 7th St., NW, in Washington. The screening is at 7:00 p.m. at Regal Cinemas Gallery Place, 701 7th St., NW. RSVP by May 1 to Grace at events@americanmustangethemovie.com.

Little change seen in gas prices this summer

Gas prices nationwide are expected to average \$3.57 per gallon this summer, a penny below last summer, according to the Energy Information Administration (EIA). The slight decrease is thanks to lower crude oil prices. Diesel will average \$3.87 per gallon.

“We see a small increase in gasoline consumption, and that’s mostly a little bit of growth in vehicle miles traveled as the economy continues to come back from the big problems that existed for our economy and employment in the second half of 2008 and into 2009,” said EIA Administrator Adam Sieminski, according to The Hill. Fuel economy improvements should offset much of the increased fuel consumption.

The projected price of fuel would be the lowest average for the summer peak driving season since 2010. The average gas price for all of 2014 is projected at \$3.45, dropping to \$3.37 in 2015 and down from \$3.51 in 2013.



Gas prices have dropped since last year and should dip again in 2015.

Volvo's inflatable child seat: light, portable, even online-capable

Continuing on the safety track for which it is reputed, Volvo has designed an inflatable child seat. Inflated in 40 seconds with a silent pump, the seat weighs less than 11 pounds, half the weight of a regular child seat.

It is constantly online via Bluetooth, enabling a range of features, including remote controlled inflation. The seat is made of drop-stitch fabric, commonly used in boats and originally developed by the military in an effort to develop inflatable airplanes.

Lawrence Abele, Volvo design manager and designer of the seat, came into the project from a parent's view. "When we lived abroad with two toddlers, we had to haul bulky child seats through airports and then into taxis," Abele said. "Any assistance to simplify the parents' life with young children is a really good thing."

Staying Ahead...

Not all the visions of the future from the 1964 World's Fair in New York have come to pass and luckily so in some cases. General Motors' Futurama 2 ride, for instance, included scenes of colonies on the moon and in Antarctica, and a machine that used a laser to cut through rainforests to create paved roads.

--CBS News