

THE WANADA BULLETIN

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

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After six weeks, DC Title Tax Calculator seems to be working

The DC DMV's new Vehicle Title Tax Calculator has been up and operating now for six weeks and appears to be up to the task for dealers. The Calculator was launched April 1 after DC DMV regulators sorted through operational questions and issues with dealer tag and title processors facilitated by WANADA.

The Calculator is based on the NADA Used Car Guide for the Eastern U.S. and must be used for *all* vehicle sales, new and used. Only when a vehicle value is not available in the Title Tax Calculator – such as when the calculator system is down – may the dealer compute the tax based on the actual sale pricing of the vehicle.

Access the DC Title Tax Calculator [here](#). For a step-by-step guide to using the Calculator, click [here](#). For a list of documents required for every dealer transaction, click [here](#). Anyone with questions should contact their DC DMV representative, or Joe Koch at WANADA, (202) 237-7200, jk@wanada.org.

Crash protection technologies now top consumers' in-car choice



Consumers expressed a preference for a collision warning system, as found in the 2015 Volvo S80.

Three of the top five technologies consumers most prefer in their next vehicle are related to collision protection, according to the J.D. Power 2015 U.S. Tech Choice Study. The three are systems for blind spot detection and prevention, night vision and enhanced collision mitigation. The other two technologies in the top five are a camera rearview mirror and self-healing paint.

The findings show growing consumer acceptance of the car backing up driver functions, such as braking and steering, said J.D. Power – a step on the road to fully autonomous driving.

“There is a tremendous interest in collision protection technologies across all generations, which creates opportunities across the market,” said Kristin Kolodge, executive director of driver interaction and HMI research at J.D. Power. With the price of gas currently low, there is very little interest in energy efficiency technologies.

Across all generations, price is the most important consideration for technology. Even though their income may be lower, Gen Y buyers (born between 1977 and 1994) are willing to spend the most on technology, \$3,703. The amount drops for each generation, with pre-baby boomers (born before 1946) willing to spend \$2,067.

Another generational difference: Younger drivers prefer full self-driving automation technology, which performs all safety-critical driving functions and monitors roadway conditions. Pre-boomers favor lower levels of automation, such as traffic jam assist.



U.S. drivers feel the trade-in valuation needs the most improvement if they want to buy a new car online. Photo by Intel Free Press.

Most consumers would consider buying cars entirely online

Nearly three-quarters of consumers surveyed globally said if they could, they would consider doing their entire car-buying process online, including financing, price negotiation, back office paperwork and home delivery. Figures are from a survey by Accenture of 10,000 consumers in the U.S. and seven other countries.

Two-thirds said they have either bought a car online or would consider doing so. Nearly that many said they would be interested in buying a new car through an online auction.

More than half the drivers surveyed said they want the industry to improve online channels to make researching a new vehicle easier. Specifically, they want more tailored information online, more virtual demonstration and more sites that allow consumers to comparison shop. U.S. consumers are particularly interested in comparison shopping sites.

“In order to grow business in this environment, OEMs and dealers will need to pursue an aggressive digital strategy online, in the showroom and in aftersales, while creating a seamless, integrated experience to accommodate all customer needs,” said Christina Raab, global managing director for digital consumer services in Accenture’s Automotive practice.

As for dealer visits, more than half said they would like access to an interactive touch display with information on the available models during a visit to a showroom, and 48 percent want to be able to take a virtual test drive at the dealership. U.S. drivers feel the trade-in valuation needs the most improvement.

Consumers said the aftersales process and the availability of extra pricing options are the weakest links in the digital car-buying experience. About a fifth of respondents believe those areas need to be improved.

Consumers would buy more F&I products if...

Reports suggest consumers are frustrated with the current F&I process, but if dealers could make it easier by bringing more of it online, they could sell more F&I products. That's the key finding of a new study from MakeMyDeal, a company that enables shoppers and dealers to discuss and agree on the terms of a car deal online. MakeMyDeal did an online survey of 500 car shoppers and buyers.

"F&I is one of the biggest parts of the buying process that has still not moved into the digital age, and dealers have been hesitant to evolve this process because it's a major profit center," said Mike Burgiss, founder and vice president of MakeMyDeal. "By changing when and how the shopper is introduced to F&I products, dealers could see a dramatic change in consumers' likelihood to buy F&I products."

Consumers indicate they are skeptical of the experience rather than the product. Nearly half of those surveyed said they would never buy anything other than a car from a dealership, but nearly two-thirds said they think F&I products may save money in the long run.

Large majorities said they are interested in learning about F&I products before entering the dealership and would be interested in learning more about them from the dealership after they had a better understanding of what they were. Nearly two-thirds said they would be more likely to buy F&I products, if they could learn more about them before completing the vehicle purchase.



Women take more driving trips, but spend less time behind the wheel than

AAA reveals when, where and how much motorists drive

On average, Americans drive 29 miles per day – 10,658 miles a year – making two trips a day with an average total duration of 46 minutes. That's the finding of a study by the American Automobile Association Foundation for Traffic Safety and the Urban Institute.

Other findings from the study:

- Women take more driving trips, but men spend 25 percent more time behind the wheel and drive 35 percent more miles than women.
- Motorists age 30 to 49 drive an average 13,140 miles annually, more than any other age group.
- The average distance and time spent driving increase for more educated drivers. College graduates drove an average of 37 miles and 58 minutes a day.

EV, hybrid owners flock to SUVs. What should be done?

It's not news that lower gas prices are causing consumers to lose interest in alternative fuel vehicles. But you may be surprised by the extent of it. And a federal panel says new pricing, improved technology and better consumer education would help revive EV sales.

An analysis by Edmunds.com found that 22 percent of people who traded in their hybrids and EVs in 2015 bought a new SUV. That's way up from 18.8 percent last year, and nearly double the rate of 11.9 percent just three years ago.



It takes twice as long today to pay off the difference between the Toyota Camry LE Hybrid (above) and the regular Camry as it did in 2012.

Only 45 percent of buyers trading their hybrids and EVs bought another alternative fuel vehicle, down from just over 60 percent in 2012 – the first time that loyalty rates for AFVs have fallen below 50 percent.

From a strictly financial viewpoint, the shift makes sense. Edmunds calculates that at the peak average national gas price of \$4.67 per gallon in October 2012, it would take five years to break even on the \$3,770 price difference between a Toyota Camry LE Hybrid (\$28,230) and a regular Toyota Camry LE (\$24,460). At today's average gas price of \$2.27, it would take twice as long.

Many in Congress believe it is in the nation's interest to encourage EV sales. So members of Congress asked a federal panel, the National Research Council, to study the problem and make recommendations. The conclusion: Developing less expensive, better performing batteries is essential to lowering vehicle cost, and a market strategy is needed to create awareness and overcome customer uncertainty. The report recommends federal incentives to address these issues plus regulations to eliminate the problem of incompatible outlets at different charging stations.

Of particular interest to dealers: The report says the federal government should consider converting the federal income tax credit for buyers of plug-in EVs to a point-of-sale rebate.

Alt. fuel vehicle buyers more likely to pay cash

In 2014, more than 18 percent of consumers who bought an alternative fuel vehicle paid cash, compared with 15 percent of those who bought regular vehicles, according to Experian Automotive.

“A possible reason for this could be that consumers buying ‘green’ vehicles are in the highest credit tiers, which could indicate they have more disposable income than those buying a gas vehicle,” said Melinda Zabritski, Experian's senior director of automotive finance. The average credit score for AFV buyers was 737, versus 711 for traditional vehicles.

In 2014, the study found, 53 percent of consumers took out a loan to buy an AFV, but 70 percent of those buying traditional vehicles did so. The average loan was higher for gas-powered vehicles: \$27,817 compared with \$27,288 for AFVs.

Preventing driver mistakes before they happen

A new car safety system that anticipates driver errors a few seconds before they occur could mean a breakthrough in safety technology. The system was developed by a Cornell University professor and will be introduced at a conference in Rome in June.

The system is based on a computer algorithm that observes the driver's body language combined with cameras or radar that observe the environment outside the car. The algorithm can then calculate the probability that the driver will take an action such as a potentially dangerous turn or lane change. If that is likely, the system will alert the driver with a light, sound or vibration.

The algorithm predicted the driver's actions correctly 77 percent of the time, an average of 3.5 seconds in advance. That could be enough time to save lives, said Ashutosh Saxena, an assistant professor at Cornell who developed the system with a graduate student.

News flash: Millennials *do* want to own cars

In case you were worried that Uber, ZipCar and other car sharing services meant that young people don't want to own cars, fuggedaboudit! A recent survey by automotive supplier Continental Mobility found that U.S. consumers still want to own their vehicles. They just want them to have a lot more autonomy and connectivity features.

The survey showed that 84 percent of respondents age 16 to 25 believe driving is important, and 76 percent drive nearly every day. Industry experts anticipate 65 percent of millennials will buy vehicles in the next five years.

"But cars need to become more intelligent, as well as send, receive and process information more quickly in digital formats," said Dr. Elmar Degenhart, chairman of the Continental Executive Board.

Survey respondents were especially interested in vehicles that can serve as Wi-Fi hot spots. In fact, 65 percent of respondents of all ages said they would like to own a car that could provide connectivity to allow mobile devices to use Internet-based services, such as music, video and other means of communication.

The merry, merry month of May...

As the popular Disney jingle puts it in song, May is, indeed, a *merry, merry month* putting an end to April showers -- that bring May flowers—delivering balmy, delightful weather, with the promise of summer just around the corner. There are also a bucketful of holidays – those that are playful, commemorative, and serious.

If you're a socialist or communist, for example, May 1st –May Day-- is your Labor Day; if you're Hawaiian, May 1 is *Lei Day*.

Cinco de Mayo, May 5, commemorates the *Republica de Mexico's* defeat of Emperor Napoleon III's of France in his failed attempt to conquer Mexico in 1862. Not Mexico's independence day, as it is sometimes thought to be, *Cinco de Mayo* has become more important in the U.S. than Mexico where celebrating it affords revelers the excuse to bar hop and over imbibe, much the same way they do here on other ethnic "holidays" like St. Patrick's and Oktoberfest.

May 8, 1945 -- 70 years ago this year -- was VE Day marking the Allies' victory in Europe over Nazi Germany and the Axis Powers in World War II.

May 10, 2015, the second Sunday of this month, is Mothers' Day where Americans will get the opportunity, as they do each year, to celebrate and remember the most important women in their lives.

May 25, 2015, the last Monday of the month, is Memorial Day, the national holiday when Americans pause to remember and commemorate the brave men and women who made the ultimate sacrifice by giving their lives for their country.

For many Christians, not all, May is the month where Mary, the mother of Jesus, is venerated in churches and elementary schools with heartwarming traditions like children's May Processions.

And while WANADA historically has held its Annual Golf Outing/Open in May, this year organizers missed it, but only by a few days: it's Wednesday, June 3 at the beautiful Lansdowne Resort, Leesburg, Va. For information on early foursome and dinner reservations, contact Kathy Teich at (202) 237-7200, kt@wanada.org.

Enjoy this great month, and if you were fortunate enough to get married in May, there is no excuse to forget your anniversary, ever!

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