

THE WANADA BULLETIN

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

WANADA Bulletin # 21-16

June 3, 2016

Headlines...

WANADA dealer law briefing, June 21

WANADA Open ready to roll next Wed., June 8!

WANADA fixed ops managers invited to auto tech Career Day, June 21

May sales down, but still set for solid year

Single women pushing SUV sales to new heights

Defective airbags installed on new vehicles

Summer driving season starts with gas at 11-year low

Drivers logged record miles in first 3 months of year

Record consumer complaints to NHTSA about vehicle software

Two senators seek data from automakers on seat back safety

Staying Ahead...

WANADA dealer law briefing, June 21

Important legal and regulatory issues dealers must comply with!



WANADA Dealer Law Briefing will cover important requirements for attendees.

Washington area dealer principals and/or key managers should plan on attending WANADA's Dealer Law Briefing covering a variety of pivotal and timely federal and state requirements with which dealers must be compliant, now or in the near future.

Topics to be covered include the vehicle recall laws in Virginia, Maryland and at the federal level; changes in wage/hour requirements by the U.S. Department of Labor; recent FTC crackdowns on auto advertising; CFPB's assault on dealer credit

arranging and pre-dispute arbitration; and problematic franchise relations matters. The Briefing will be presented by the preeminent dealer lawyer panel of Mike Charapp, Charapp-Weiss; Mike Johansen, Rifkin-Weiner; Annapolis; and Doug Greenhaus, NADA Legal Group, all of whom have, of longstanding, counselled WANADA leadership on auto industry compliance with the law.

Takeaways from the Briefing will be meeting materials pointing to the contextual information dealer managers need to understand what's required, that in turn will act as a basis to implement compliance strategies enabling the dealership to fulfil its legal obligations.

Arrangements are set for 9:30-12:00, Tuesday, June 21, 2016 at the Marriott North Bethesda Conference Center. Coffee and Danish will be provided as registration opens at 9:00. WANADA member registration is \$50 for the first registrant, and *no charge* for additional dealership representatives who attend. To register on line, click [here](#). For information on the Briefing and its logistics, contact Kathy Teich in the WANADA office at 202 237-7200, or kt@wanada.org.

WANADA Open ready to roll next Wed., June 8!

Golf tournament(s) set, along with networking reception & dinner

WANADA's 2016 Annual Open is set to happen next Wednesday, June 8 at Lansdowne Resort. Golf tournaments-- the general tournament with scramble/captain's choice scoring, and the dealer vs. dealer tournament with the play-your-own ball format--are all booked up with players. Registration for golf opens at 9:00 a.m., with practice rounds available. A golf clinic commences at 10:00 a.m. for all comers. The tournaments launch with a shotgun start at 11:00 a.m. The networking reception and dinner, which are always enjoyable, is still open to all comers. The reception is from 4:00 p.m. – 5:00 p.m., followed by the awards banquet.

For information on next week's WANADA Open contact Kathy Teich at (202) 237-7200 or kt@wanada.org. For sponsorship matters contact Bob Storin (202) 237-7200 or rs@wanada.org

WANADA fixed ops managers invited to auto tech, Career Day June 21



Career Day offers a chance for service managers and aspiring technicians to meet.

WANADA fixed operations managers who haven't signed up for the Automobile Dealer Education Institute (ADEI) Auto Technician Career Day may still do so. The June 21, 2016 event provides a chance for WANADA dealer representatives to talk to interested young adults considering a career as an auto technician. The Career Day will take place from 10 a.m. to 1:00 p.m. at the Rockville campus of Montgomery College.

Tables are available for dealership representatives to talk to aspiring technicians about what their store has to offer. Lunch and a collection of unique autos are part of the event. Aspiring auto techs that come out will have the opportunity to be sponsored by dealers for ADEI's Technician Development Program at Montgomery College, as well as Marshall Academy in Falls Church, where the program is also offered.

For more information, click [here](#). RSVP by June 17 to WANADA member services representative Billy Painter at bp@wanada.org or 202-237-7200.

May sales down, but still set for solid year

Although most automakers reported a drop in sales in May, analysts agree that the industry is still on track for a solid sales year of reaching or eclipsing 17.4 million. Weaker sales were expected last month, partly because of one less weekend and two fewer sales days than May 2015.

Analysts say that economic fundamentals are strong. Interest rates remain low, and automakers will likely offer more incentives if needed. TrueCar.com estimated that incentives rose 7 percent to an average \$3,034 per vehicle.

Trucks and SUVs continue to dominate the market. Ford saw a 9 percent gain in its F-Series truck sales, but its cars plunged 25 percent. General Motors sales dropped sharply, by 17 percent, partly because it is still cutting back on fleet sales. Of the Detroit Three, only Fiat Chrysler saw a sales increase, just 1.1 percent. Toyota's sales fell 10 percent, Honda sales by 5 percent and Nissan, down 1 percent. The Volkswagen brand was hurt by fallout from its emissions scandal, with sales falling 17 percent.

"Industry sales remain steady in May with the shift toward light trucks and SUVs continuing," said Bill Fay, Toyota division group vice president and general manager. Toyota division SUVs had their best month ever, led by RAV4, Highlander and 4Runner.

Single women pushing SUV sales to new heights

Industry observers have talked for years about the importance of female auto buyers, saying that women either buy or influence up to 80 percent of vehicle sales. Now new research from MaritzCX, reported by Bloomberg, says that women are directly responsible for one of the fastest growing segments in the industry – SUVs.

That's partly because more women are delaying marriage and children, and the cargo space and improving fuel economy of small SUVs, appeals to young, single women. They're independent – more than two-thirds of female buyers said the choice of vehicles was "entirely up to me." Female, independent, professional, earning a solid income: that definitely describes a good chunk of the Washington area market.

Mainstream, small, SUV sales jumped 34 percent for women from 2010 to 2015, and just 22 percent for men, says MaritzCX. The growth in sales of luxury small SUVs was more dramatic, at 177 percent, though the quantity is much smaller. A full 40 percent of women auto buyers are unmarried.



Single, professional women are driving much of SUVs' sales growth.

Defective airbags installed on new vehicles

Fiat Chrysler, Mitsubishi, Toyota and Volkswagen are selling new vehicles with defective Takata airbags, according to a new report by Sen. Ben Nelson (D-FL), the top ranking Democrat on the Senate Commerce Committee.

It is legal to sell those vehicles, but they will have to be recalled by 2018, the report said. Automakers are not required to disclose that the new cars will need to be recalled.

"What's troubling here is that consumers are buying new cars not realizing they're going to be recalled," Nelson said in a statement. "These cars shouldn't be sold until they're fixed."

Affected models include the 2016-2017 Mitsubishi i-MiEV; 2016 Volkswagen CC; 2016 Audi TT; and 2017 Audi R8.

Part of the problem is that Takata does not have enough replacement inflators to repair the cars already under recall. Some cars that have already been repaired with a temporary fix – a newer version of the same part that’s less likely to break down because it’s not as worn – will need to return later to have the airbag replaced a second time.

NHTSA has said that the recalled vehicles are safe to drive. The biggest problem is in very humid climates – and no, that doesn’t mean Washington, DC, in the summer. So the highest priority will be to repair older vehicles in humid southern states.

Summer driving season starts with gas at 11-year low

With the summer driving season now underway, drivers are paying the lowest gas prices for this time of year in 11 years, says the American Automobile Association (AAA.) At a national average of \$2.32 per gallon, prices were down 42 cents from a year ago. At \$2.51, the Washington, DC, market is among the five most expensive in the country.

This year’s summer driving season is expected to see higher-than-normal gasoline demand, and demand remains on pace to test record levels set in 2007. If refineries are able to keep pace with what is likely to be a record-breaking season, pump prices should remain relatively lower.

One wild card is the Atlantic hurricane season, which runs from June 1 to November 30. The National Oceanic and Atmospheric Administration says this year’s season will likely be near normal, which means of the 10 to 16 named storms, four to eight could become hurricanes. If any of these severe storms or hurricanes reaches landfall, production, refining and distribution could be set back – and prices could spike.

Drivers logged record miles in first 3 months of year

Low gas prices may have encouraged U.S. drivers to drive more, because the 746 billion miles they drove in the first three months of this year beat the previous record of 720 billion, set last year. Figures are from the Federal Highway Administration, which says that Americans drive twice as far on any given day before noon as the International Space Station has *ever* flown.

Area drivers may not be surprised to hear that Maryland led the nation with the largest unadjusted single-state traffic percent increase in March, 8.1 percent, compared with the same month a year earlier.

Record consumer complaints to NHTSA about vehicle software

Consumer complaints about vehicle software have been growing steadily over the past several years, and 2016 is already on pace with the record pace of 2015, according to J.D. Power. So far this year, consumers have filed 202 formal complaints with NHTSA about software that controls the technology in vehicles. A total of 615 complaints were filed in 2015.

“Consumer complaints are the canaries in the coal mine for automobile manufacturers when it comes to anticipating future recalls and longer-term customer satisfaction,” said Renee Stephens, vice president of U.S. automotive at J. D. Power. “Software-related problem have become much more prevalent and, if not addressed, could begin to erode consumer trust in new automotive technology.”

J.D. Power has found a connection between the complaints lodged and recall decisions. Powertrain, electrical systems, engine cooling and vehicle control systems are the top areas for software complaints and recalls.

Over a longer period, technical service bulletins about software problems have more than doubled, from an average of 58 per year from 2006 to 2010 to an average of 160 per year from 2011 to 2015. As J.D. Power says, manufacturers typically only use TSBs if they have received many complaints, particularly if the complaints do not seem to be addressed through regular warranty repairs.

Two senators seek data from automakers on seat back safety



Sen. Richard Blumenthal

Senators Edward J. Markey (D-MA) and Richard Blumenthal (D-CT) have written to 17 automakers asking for detailed information on front seat back collapse in rear-end crashes. The senators want to know about the strength of the seating systems and the number of known seat back collapse incidents.



Sen. Edward Markey

Seat back strength standards have not

been substantially updated since they were adopted in 1967 and, the senators write, “there is longstanding concern that the standard for seat strength is not sufficient to protect passengers in the back seat during a rear-end collision from injury or even death.” NHTSA published a proposed rule in 1974, but it was tabled.

The senators sent the letter to General Motors, Ford, Fiat Chrysler, Toyota, Honda, Nissan, Hyundai, Mazda, Mitsubishi, Subaru, BMW, Jaguar Land Rover, Mercedes, Porsche, Volkswagen, Audi and Volvo.

Staying Ahead...

Every complicated problem has a simple answer that’s usually wrong.

--H. L. Mencken