



THE WANADA BULLETIN

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

WANADA Bulletin # 23-13

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WANADA answers Post editorial that auto retailing licensing laws stifle industry innovation, especially for Tesla

OSHA targeting auto repair shops for worker safety inspections

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Thought for the Week...

WANADA answers Post editorial that auto retailing licensing laws stifle industry innovation, especially for Tesla

WANADA challenged a recent editorial in The Washington Post which opined that state laws licensing the auto sales retailing process unfairly hamper industry innovation -- the likes of that exhibited by exotic automaker Tesla Motors-- and that dealers are the problem for having had a hand in fashioning these laws ("Tesla's bump in the road: Free market no match for the clout of auto dealers," June 14).

The theory, expressed by other news organizations, too, is premised upon Tesla's belief that it should be allowed to retail and service its vehicles without a dealer network, in the same way, in the view of another Post writer, that Dell sells its personal computers.

In its letter-to-the-editor at the Post that appeared on today's editorial page under the caption, *Taking Exception*, WANADA did just that ("Tesla should recognize auto dealers' important role," June 18). Citing the litany of compelling public interest reasons why states license the automotive retailing process and why dealers are essential to it, WANADA's point is that protecting car buyers -- the rationale for licensing -- has nothing to do with Tesla or any other automaker's ability to be innovative. Click [here](#) for WANADA's letter-to-the editor and The Post's original editorial.



Dealers should check their shops for both physical and chemical hazards.

OSHA targeting auto repair shops for worker safety inspections

OSHA is sending inspectors to auto repair facilities to check that they are complying with worker safety regulations. The focus is on Region 8 (Colorado, Montana, North Dakota, South Dakota, Utah and Wyoming), but NADA advises dealerships *nationwide* to check their compliance.

The inspections, which began earlier this Spring, arise from five complaints OSHA/Region 8

received in FY 2010, all of which resulted in citations.

The directive lists the types of hazards inspectors will check for. On the list are: physical hazards that can induce crushing injuries caused by incorrect use and maintenance of lifts; worker exposure to illegal noise levels; machine guarding hazards; and uncovered service pits. Chemical hazards include exposure to carbon monoxide, paints and other hazardous chemicals used in brake cleaners.

“Controlling the hazards begins with an effective safety and health program that includes regular audits and appropriate maintenance of equipment, especially lifts, as well as a robust Hazard Communication Program so that employees are trained to recognize and avoid exposure to dangerous chemicals,” says the OSHA directive.

Dealers with specific questions about their compliance should contact Lauren Bailey, NADA Regulatory Affairs, regulatoryaffairs@nada.org or 703-821-7040.

Merrill Lynch forecast to 2017: GM, Ford gain share; others slip

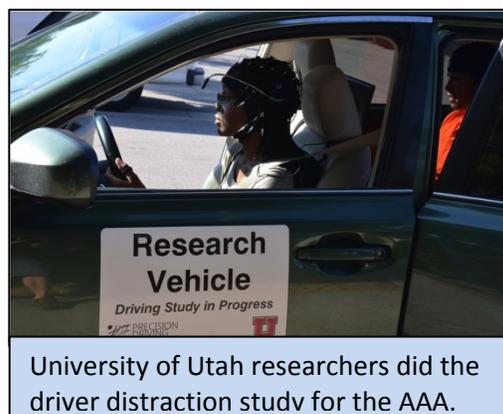
Automaker share of the U.S. auto market will stabilize over the next few years as the big ups and downs of recent years even out, says a recent report by Bank of America/Merrill Lynch auto analyst John Murphy. He bases his forecasts on the new products coming in the next four years and the age of models currently for sale.

Most automakers are now updating their products every two or three years, so it’s always fresh. General Motors and Ford will each gain a point of share by 2017, the report says. Nissan will lose a point, mainly because the Altima and Sentra were redesigned for MY 2013 and will not be redone until after 2017. Hyundai and Kia will each lose half a point, as will European brands. In 2015 and 2017, fifty new models will appear across the market.

Crossovers will continue to be the most popular segment, taking share from small and midsize cars.

AAA study shows dangers of voice-to-text function for driver

A new study from the AAA Foundation for Traffic Safety shows that using voice-to-text features while driving is more dangerous than previously thought. The research found that as mental workload and distractions increase, reaction time slows. Drivers scan the road less and potentially miss items right in front of them including stop signs and pedestrians. It is the most comprehensive study of its kind, and the AAA has sent a copy to all the automaker CEOs.



“There is a looming public safety crisis ahead with the future proliferation of these in-vehicle technologies,” said AAA President and CEO Robert Darbelnet. “It’s time to consider limiting new and potentially dangerous mental distractions built into cars, particularly with the common public misperception that hands-free means risk-free.”

Researchers measured the levels of mental distraction drivers experienced while performing various tasks, including listening to an audio book, talking on the phone, and listening and responding to voice-activated emails. Their findings: Listening to the radio constituted minimal risk. Talking on a cell phone, whether handheld or hands-free, resulted in moderate risk. And listening and responding to in-vehicle, voice-activated email features brought extensive risk.

The AAA’s recommendations:

- **Limit** use of voice-activated technology to core activities such as climate control, windshield wipers and cruise control.
- **Disable** certain voice-to-mail technologies such as using social media or interacting with email and text messages so they cannot be used while the vehicle is in motion.
- **Educate** vehicle owners and mobile device users about the responsible use and safety risks for in-vehicle technologies.

Meanwhile, GM CEO Dan Akerson has vowed to integrate WiFi service into every vehicle it builds by 2015. To stay competitive, GM plans to integrate features through the motorist’s smartphone.

Few residents know about DC health exchange, survey shows

In keeping with WANADA’s ongoing task to keep dealer members up-to-date with what is becoming known about the massive new Health Care Law, we’re reporting on surveys from various sources to show where employers and employees net out in this, the implementation, phase of the law at the federal and state levels. In this regard is focus group research conducted by PerryUndem Research/Communications on DC, which has committed to establishing a health exchange that reveals that few District residents know about the City’s impending exchange (now called DC Health Link), tax credits or new coverage options. But once DC residents understand what the exchange is, the survey says they are receptive to using it to find “affordable coverage,” per the new Health Care Law.

The focus groups numbered four, which included low- to moderate income residents and two groups of small business owners. The survey found that DC residents were positive about exchange users not being denied coverage because of pre-existing conditions. Not surprisingly, they also liked the prospect of outside financial support to help to pay for coverage. Correspondingly, they liked side-by-side comparisons of insurance plans and that there would be call-centers, or other ways to get assistance. Small business owners reportedly were positive about the prospect to set defined contributions for their employees.

The report was silent, however, on employer/employee receptivity to government mandated levels of participation and the associated financial contributions for all concerned. It said nothing of the looming question of how efficiently these government-run exchanges can be expected to operate. And to the survey's most significant conclusion: few understand how government-run health exchanges will work because few understand, with any definitive certainty, how the new "Affordable Health Care Law" will work in general.

Colorado broadens its dealer franchise law in bold ways

Colorado auto dealers enhanced their state dealer franchise laws to include some helpful measures addressing dealer concerns about controversial OEM-mandated facility upgrade programs, along with rights of dealers terminated by their franchisors. The bill, recently signed by the governor, explicitly provides that laws passed *after* 2009 apply to franchise agreements signed before then.

In this regard, the facilities provision limits OEM mandated upgrades to every seven years. With respect to the termination, the enhanced Colorado law provides that a dealer terminated by the franchisor, even for bankruptcy, gets a right-of-first-refusal should the former franchisor decide to re-open later at a point in that dealers' market.

NADA Dealer Academy offers free analysis of profit opportunities

WANADA members can take advantage of a free service offered by the NADA Dealer Academy. The General Dealer Management candidates, who average more than 10 years of retail management experience, visit area dealerships and analyze their entire operation for profit opportunities.

Students take a day, usually Wednesday, to interview dealership personnel and gather information about the store's operating practices, policies and procedures. The results are developed into a PowerPoint presentation and presented to the dealer and managers the next Friday morning.

Several WANADA members have already used the service. The Dealer Academy is looking for more dealerships to visit, preferably within an hour and a half of NADA headquarters in Tysons Corner. Students do the consulting with help from the instructor, and there is *no charge*.

"It gives the host dealer an opportunity to have experienced managers looking at things from different perspectives, which are sometimes overlooked when you are close to your business," says Academy instructor Bill Adkins.

Adkins is looking for three to four dealerships to visit on August 7, with presentations scheduled for August 9 at the Westwood Country Club in Vienna, Va.

For more information, please have dealerships contact Bill Adkins at (703) 760-7598 or by email at badkins@nada.org.

Kindred Korner

Carfax: Transparency can help dealer reputation

Consumers today can choose from thousands of dealerships when deciding where to shop for a used car. Traditional market boundaries have essentially been eliminated, making almost every dealership reachable by car, plane or train a viable option for buyers. Competitive edge and setting yourself apart from other dealers is vital to boosting traffic and turning more potential customers into surefire buyers.

Savvy dealers are leveraging their relationship with trusted, third-party brands to stand out in the crowd. A good example is the Carfax Advantage™ Dealer Program. WANADA dealers are using Carfax Vehicle History Reports to help consumers make better decisions about their new used vehicle. Many have committed to providing a Carfax Vehicle History Report on every used car they sell.

Carfax Advantage dealers have access to as many Carfax Vehicle History Reports as they need. Other benefits of being an Advantage dealer:

- A dedicated Carfax account manager
- Exclusive point of sale and event materials
- Carfax Auction Quick Check – as much as you need
- Advantage branded Premium Hot Listings on carfax.com
- Weekly open recall and new data alert emails on your vehicles

“Transparency influences consumers when making their dealer choice,” says Carfax vice president Bill Eager. “The Carfax Advantage Dealer Program is a powerful new way for WANADA dealers to attract more customers. Providing a Carfax Vehicle History Report up front in the buying process builds consumer confidence and helps cars sell faster.”

To become a Carfax Advantage dealer or learn more about the program, call Carfax Business Services at 877-606-9119 or visit www.carfaxonline.com.

Kindred Korner is a regular feature in the WANADA Bulletin that spotlights the individual Kindred-line members of the association and the services they provide to WANADA dealer members who are their clients.

Some driving is as stressful as skydiving (but not as much fun)

Driving in chaotic urban traffic can be almost as stressful as jumping out of a plane, according to a study on driver stress and frustration by MIT for Audi. Audi plans to use the results to develop its driver assistance and connectivity technologies.

The research initiative, Road Frustration Index, aims to find the individual factors that lead to driver frustration, using skin conductance sensors, facial and body tracking, and environmental recordings. Preliminary trials measured driver stress in various driving conditions, from busy highways to quiet suburban streets, and in a variety of road conditions, from stop-and-go traffic

to confusing roadway navigation. For comparison, researchers measured stress levels in different daily activities: at home, in the office, at breakfast or at a lecture at MIT.

“One study showed that getting sideswiped by an oncoming car can be almost as stressful as jumping out of a plane,” said Filip Brabec, direct of product management, Audi of America.

Optional *4th of July* closing signs out this week, along with WRAP SoberRide posters

Sets of optional holiday closing signs for the *4th of July* are going out in the mail this week to WANADA dealer members.

Independence Day/2013 falls on a Thursday this year, with no word from big employers, like the federal government, as to whether Friday will also be a day off for employees. Dealer members can post one or both signs in customer or public areas of the store.

Marking the upcoming holiday, too, are SoberRide posters from the Washington Regional Alcohol Program (WRAP) advertising free, public service taxi rides to anyone who finds he/she is too impaired to drive. Per the posters, WRAP SoberRide Taxi Service is available, July 4th into the morning of July 5.

Display the SoberRide posters in customer and employee areas to show the community commitment of the dealership and the Washington Area new car dealer community.

Contact Trish Frisbee at WANADA regarding *4th of July* posters: (202) 237-7200, or tf@wanada.org.

Thought for the Week...

There is a looming public safety crisis ahead with the future proliferation of these in-vehicle technologies.

-- Robert Darbelnet
President and CEO
American Automobile Association