



THE WANADA BULLETIN

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

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June 17, 2016

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Thought for the week...

LAST CALL! WANADA dealer law briefing, 9:30am Tues., June 21

There is still time to sign up for WANADA's Dealer Law Briefing scheduled for next Tuesday morning June 21, 9:30-11:30, Marriott North Bethesda Conference Center. *Hot button* dealer legal issues, including new regulatory requirements will be covered by an expert dealer lawyer panel consisting of Mike Charapp, Mike Johansen and Doug Greenhaus of NADA.

Click [here](#) for the Special Bulletin and registration form.

Kudos to WANADA's tech ed. partners in Fairfax and Montgomery **Washington Post spotlights FCPS FATE and MCPS Trades Foundation**

WANADA is proud of its two longstanding career education partner groups connected with the public school systems in Fairfax and Montgomery Counties for getting positive news coverage in last Monday's Washington Post ("Building Up Trade Skills," June 13, 2016). In an above-the-fold spread in the METRO section, the Fairfax Foundation for Applied Technology was covered, along with the Montgomery Students Construction Trades Foundation, for their strides in construction trades training and education where public high school students in each jurisdiction construct a house that is sold on the residential market to ordinary homebuyers.

FATE in Fairfax and MSCTF in Montgomery have both been about the task of home construction career training for more than 40 years, with the construction programs acting as the model for both the Student Auto Sales component of FATE and the Montgomery Students Automotive Trades Foundation (a.k.a. the “Minidealership”). Like their construction training counterparts, who are engaged in real world business education retailing houses to home buyers, FATE’s Student Auto Sales and Montgomery’s Minidealership engage high school students in reconditioning and retailing used cars.

Both Student Auto Sales and the Minidealership work as precursor programs to the Auto Dealer Education Institute (ADEI), which in turn develops line technicians employed in WANADA member dealerships while they study auto technology through Marshall Academy in Falls Church, VA and Montgomery College in Rockville, MD.

WANADA salutes its partners, Chad Maclin, who heads up FATE in Fairfax, and Steve Boden, who directs the construction and auto trades Foundations in Montgomery County, for their extraordinary success with and dedication to career education at the secondary school and post secondary levels. High marks also go to each man for effectively articulating the positive message of their respective career training programs that came through so well in last Monday’s Washington Post! For a copy of the full TWP article, click [here](#).

Toyota dealers must disclose cars subject to future recall



Dealers must disclose to buyers of the 2015 Toyota 4Runner that it will be recalled later for a defective airbag inflator.

Toyota has told its dealers to inform customers when they buy vehicles with Takata airbag inflators that will be recalled by 2018. The order came after Sen. Bill Nelson (D-FL) criticized automakers for manufacturing and selling vehicles with the defective inflator, which will have to be recalled later.

Nelson praised Toyota’s move, saying that it would be better for automakers not to sell the vehicles, but full disclosure to the customer is still helpful, Reuters reported. Toyota made public a list of vehicles that will be subject to

future recall, including the 2016 Toyota 4Runner and Lexus GX460. Affected 2015 models include the Lexus IS250C/350C, Scion xB, Lexus GX460 and Toyota 4Runner.

Transportation Secretary Anthony Foxx said at a Senate hearing that he agreed automakers should have to inform customers that a vehicle has a defective inflator, but his agency does not have the legal authority to require disclosure.

In the past three weeks, 15 automakers have recalled nearly 16.4 million vehicles with the airbag inflators, in addition to the 24 million previously recalled. As many dealers are well aware, the problem remains an undersupply of parts for repair.

UnitedHealthcare exits individual insurance market in MD

UnitedHealthcare of Mid-Atlantic, Inc., and All Savers Insurance *will exit* the individual insurance market and will no longer offer individual coverage in or outside Maryland Health Connection after January 1, 2017.

Few dealers will be affected by the change, mainly former dealership employees on COBRA and dealership managers who have bought individual insurance through these companies.

UnitedHealthcare is one of the largest insurers in the region and the nation.

Auto dealers bring serious revenue to Virginia

A recent VDOT report to the Commonwealth Transportation Board predicted a substantial revenue increase in Virginia from motor vehicle sales and use taxes of \$381.5 million through FY 2021. The tax itself will not increase; rather, the revised revenue forecast is based on increased vehicle sales. The economic value of dealerships is again demonstrated.

Lexus, Toyota, Subaru lead the pack in NADA Dealer Survey

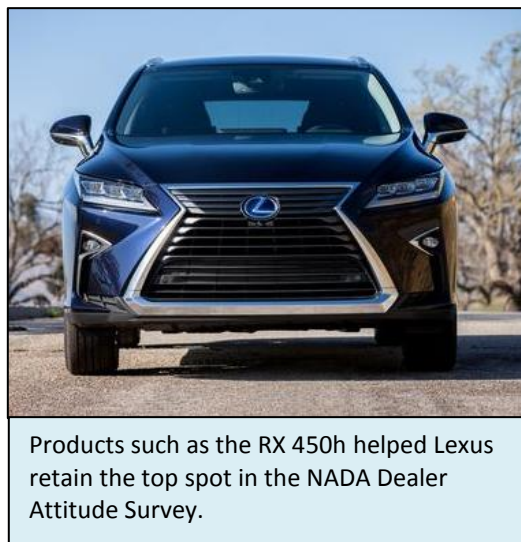
Lexus, Toyota and Subaru came out on top in NADA's winter Dealer Attitude Survey, measuring dealer sentiment on franchise value, and automaker policies and field staff. Rounding out the top10 were Honda, Porsche, Ford, Mercedes-Benz, Kia, Jeep and Audi.

Lexus has retained the top overall spot for the past three years and has scored in the top five throughout the past six years. The survey also measured consideration of dealer input on product, product quality concerns and advertising programs. Top scorers for consideration of dealer input were Lexus, Toyota, Subaru and Honda. Ford and Kia were tied for fifth place. Hyundai, Lincoln, Mercedes-Benz and Porsche tied for seventh.

Dealer response rates were also measured, as the willingness of dealers to share their views with their manufacturers is a good way to gauge the desire to grow the OEM-dealer relationship, said NADA. Top scorers here were Lexus (89 percent), Mercedes (85 percent), Hyundai (81 percent), Porsche (81 percent) and Toyota (76 percent).

Cadillac revamps dealer program, meets with dealers in June

In an effort to improve the customer experience and stop its sales slide, Cadillac is rolling out a dealer program that will require more investment from dealers for them to get paid more.





Cadillac's 2017 XT5 luxury CUV could help dealers meet sales targets. ©General Motors

Project Pinnacle, announced to dealers at the national dealer meeting in February, will assign each of Cadillac's 900 dealers to one of five tiers depending on sales volume, according to news reports. The lowest volume dealers, Tier 5, will not be required to keep inventory, though they can still sell new Cadillacs. They will largely be service centers. Small and mid-sized stores will have to add dedicated salespeople and impose a dress code, among other requirements.

Dealers can move to a higher grade – and get paid more – if they follow certain brand standards. These include selling a specified number of certified pre-owned vehicles (depending on tier) to help with the large number of cars coming off lease, training and certifying salespeople, following a voluntary facility image program and reaching customer satisfaction targets.

One big change, reports Edmunds.com: Dealer holdback has been eliminated. But dealers are happy that Project Pinnacle is not a stair-step program, Dealer Council Chairman Will Churchill told *Automotive News*.

Cadillac President Johan de Nysschen – the keynote speaker at the Washington Auto Show's Industry/Media Day last year – has scheduled several regional meetings with dealers this month to fill in the details of the plan. Dealers will also be given their assigned sales targets in June.

DOT to issue autonomous driving guidelines in July

Transportation Secretary Anthony Foxx will issue federal guidelines for autonomous vehicles next month, NHTSA Administrator Mark Rosekind said at a conference in Michigan. Safety is paramount, but the guidelines must be flexible, Rosekind said.

Automakers are eager for federal guidelines that override the emerging patchwork of state laws. For instance, California has issued draft guidelines stating that an autonomous vehicle must have a steering wheel and licensed driver ready to take over if needed. Nevada has permitted autonomous vehicles to be widely tested on its roads.

Rosekind said that for autonomous vehicles to be allowed on the road, they must be at least twice as safe as manned vehicles.

GM sees autonomous cars as chance to grow urban share

Although some analysts have said autonomous vehicles and ride-sharing companies, such as Lyft and Uber, could cut into car sales, General Motors' North America CFO John Stapleton sees them as an opportunity for sales growth.

Both trends could present an opportunity for GM to increase its urban market share, Stapleton said at a conference in New York. Both are concentrated in urban areas, which are where GM is weakest, he added.

Stapleton said he expects ride-sharing services to grow substantially. Earlier this year, GM invested in Lyft and created its own ride-sharing company, Maven. He said that Maven includes some off-lease cars, according to *Investor's Business Daily*.

Stapleton noted that a self-driving Bolt EV has been doing test drives around San Francisco. But he warned that autonomous vehicles must be proven to be much safer before their use becomes widespread.

Infiniti to add autonomous features to most new models

Infiniti plans to add autonomous highway driving features to most new models, president Roland Krueger said at a conference in China recently. The technology will be included in new vehicles as they are rolled out one by one, Krueger told Reuters.

So far, the Q50 sedan is the sole model that has a steering system that allows for autonomous driving on highways only, at a speed above 60 km (37 mph).

Speaking at a global industry summit, Krueger encouraged other automakers to pursue autonomous driving technology as a way to improve safety and cut congestion. Nissan has said it plans to have as many as 10 autonomous vehicles in production by 2020.

Kia, Tesla top AutoPacific Vehicle Satisfaction Awards

Every year auto marketing firm AutoPacific asks thousands of new-car buyers what they think of their new purchase, and this year Kia and Tesla were the clear winners.

The Vehicle Satisfaction Awards are based on survey responses from more than 65,000 owners of new 2015 and 2016 cars and light trucks. The surveys measure owner satisfaction with 50 attributes ranging from interior comfort and styling to fuel economy and performance.

Kia dominated among the mainstream brands, with a total score 16 points higher than the nearest competitor, GMC. Tesla won the “most satisfying premium brand” for the second year running, though it closed the gap considerably with the next brand, Cadillac. Cadillac’s Escalade won the president’s award (given when the overall score tops the previous high score) and the “most satisfying vehicle overall.”



Parents magazine names 10 best family cars of 2016

A useful marketing tool for dealers: *Parents* magazine and Edmunds.com have named the 10 Best Family Cars of 2016, based on smart designs, driver- and kid-friendly features and reasonable prices.

“The car is an extension of home for families – the place where we rehash our days, eat on-the-go meals and spend quality time together,” said *Parents* editor-in-chief Dana Points. “It’s

important that parents feel supported by their car's extensive range of safety functions so they stay confident on the road. This year's top picks also highlight features that "keep the ride fun and relaxing" for every passenger.

The cars are, from least to most expensive: budget vehicle – Kia Soul; green car – Chevrolet Volt; hatchback Mazda 3; small sedan – Honda Civic; sedan – Kia Optima; wagon – Subaru Outback; crossovers – Hyundai Tucson and Nissan Murano; minivan – Toyota Sienna; SUV – Honda Pilot.

Ohio dealership hosts distracted driving simulators

Ricart Automotive Group in Columbus, Ohio, is hosting two driving simulators at its Ford dealership and Used Car Factory this month so members of the public can come and experience the dangers of distracted driving first-hand.

Users can try making a phone call while the simulator sends a car or a dog into the driver's lane. The simulators are on loan from Maria's Message, a community group started by Dom Tiberi, whose daughter Maria died in a distracted driving accident.

The dealer group is so impressed with the simulator that it plans to acquire its own for permanent use later this summer, reports Edmunds.com.

Thought for the week...

(A reflection on the Orlando mass murders)

We are called to imagine both the last, terrible moments of unjustly shortened lives, and the pain – sudden, unearned, unending – of those they left behind. And to hope, not only in this life but also beyond it, against all the evidence of our grief, that love wins.

--Michael Gerson, syndicated columnist