

THE WANADA BULLETIN

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

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July 18, 2013

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Maryland localities rolling out storm water fees in accord with July 1 state mandate

Dealers and other organizations will see new fees on property tax bills

As has been extensively reported here and widely publicized elsewhere, dealers and other businesses, along with churches and other charitable organizations which have improved real estate can expect to see a new assessment on their property tax bills for storm water management.

Washington area counties in Maryland covered by the new “Rain Tax” fees are Montgomery, Prince Georges, Howard, Frederick and Charles, each of which has established its own approach to compliance with the state mandate, to include the level of assessment. County environmental managers and property tax assessors have determined what businesses with stores and parking lots will pay, along with what credits, if any, will be allowed for storm water management systems. Examples of such systems are storm water collection ponds and parking decks constructed with “pervious” materials that channel or permit storm water to go directly into the ground instead of into storm water drains that will ultimately reach regulator targeted watersheds, like the Chesapeake Bay.

Since such fee assessments by county operatives are rough estimates at this point, dealers are advised to appeal the new fees with the county rather than paying tax bills as rendered. Going forward, it is advisable to have a storm water management plan in place for the dealership that can



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be developed and executed by contractors with expertise in environmental law compliance. One such contractor brought to WANADA's attention is Soltesz, a Rockville firm, which has a track record working with dealerships and other businesses in managing their property compliance obligations under the law. For more information on Soltesz, check them out at www.solteszco.com.

Because of widespread pushback from business tax payers across the state, it is likely that the Maryland General Assembly in its regular session next year will review the storm water fees it enacted into law in 2012 that is just kicking in this month. See WANADA's May 7 background paper to Maryland dealers on storm water fees from Gerard Murphy by clicking [here](#).

NADA takes exception with USA Today editors' support of Tesla's retail model

From the editorial page of the July 16, 2013 edition of USA Today, news editors wrote that "Car buyers shouldn't have to go to a middle man" and "Dealers try to thwart Tesla's sales strategy." On the same editorial page, NADA president Peter Welch took exception saying, "Franchise dealers deliver best results" and "Let states set the rules for auto retailing."

This week's USA Today write-up supporting Tesla's ongoing campaign to sell its cars without dealers is the latest in what clearly is a full court public relations/public affairs press by the new luxury niche auto maker and its billionaire CEO to have its way. A month ago, a Washington Post editorial with a similar perspective to USA Today ("A bump in the road for Tesla," June 13) ran and was countered by a letter to the editor from WANADA's Gerard Murphy ("Tesla should recognize auto dealers' importance," June 18).

Tesla also has been in front of state legislatures and state motor vehicle agencies, including Virginia's DMV where the commissioner recently turned down Tesla's plan to retail its cars without a dealer in Tysons Corner.

The USA Today "our view/opposing view" editorial page from July 16 along with additional comments from NADA can be seen by clicking [here](#).



Mercedes salespeople came out on top in a recent sales satisfaction study using mystery shoppers.

Mercedes, Infiniti, Lexus take top scores in sales survey

Mercedes-Benz, Infiniti and Lexus were the top scorers in a customer satisfaction study using 5,200 mystery shoppers at dealerships across the country. The results were released in the 2013 Pied Piper Prospect Satisfaction Index (PSI) U.S. Auto Industry Benchmarking study.

Researchers tied mystery shopping measurement and scoring to industry sales success. Brands were measured in several sales process categories. For example, Jaguar, Volvo and Audi salespeople were

most likely to discuss features that set them apart from the competition. Infiniti, Land Rover and Smart salespeople were most likely to conduct a vehicle walk-around. Kia, Fiat and Hyundai salespeople were most likely to give compelling reasons to buy now.

The study also measured salesperson behavior across brands. These behaviors were more likely in 2013 than 2012: mentioning the availability of different finance or lease options (now 67 percent of the time), asking about factors preventing purchase now (71 percent of the time) and asking if the prospect has a trade-in (83 percent of the time).

Pied Piper has found that on average, when dealerships are ranked by their PSI score, those in the top quarter sell 16 percent more vehicles than those in the bottom quarter. This marks the study's seventh year.

Car buyers getting more options, especially for small cars

New-vehicle buyers are buying more expensive options than in the past, says CNW Research. Among the different vehicle buyers, small car owners have always fluctuated the most on how much they will spend on options, but their numbers have been creeping up since the recession ended.

CNW measures option purchase by percentile. For example, if the base price is \$12,000 and a fully equipped model is \$20,000, a car with an MSRP of \$16,000 is in the 50th percentile. When CNW first started doing the study, small cars were in the 14th percentile. They gradually rose to a high point of the 89th percentile in 2006. They were in the 50s from 2009 to 2011 and in the 57th percentile in the first half of 2013.

One reason for the increase in small car percentile, says CNW President Art Spinella: "As more consumers looked for gasoline efficiency and higher mpg ratings, they were unwilling to give up on the 'luxury' or features found in their previous vehicles. Everything from power outside mirrors to high trim levels to bigger sound systems was added to even the lowliest of models." Consumers are unlikely ever to return to buying bare bones vehicles, Spinella says.



Buyers often get small models such as the Ford Fiesta fully loaded.

Worldwide use of head-up displays to increase sevenfold

The sale of vehicles with head-up, dashboard displays is set to skyrocket in the next several years, says a new study by IHS Automotive. Only 2 percent of vehicles sold worldwide in 2012 had HUDs, but that is expected to rise to 9 percent by 2020.

"Apart from showing speed and warning signals, HUDs are perfectly suited for displaying navigation information or advanced driver assistance system data, allowing drivers to access critical material while keeping their eyes on the road," says Ben Scott, technology solutions analyst for IHS Automotive.



Head-up displays such as the one in this Mitsubishi Lancer Evolution will become much more common. Photo by Peter Guagenti.

A recent development that could speed the adoption of HUDs is the first portable HUD for smart phone navigation apps, developed by satellite navigation company Garmin. It can be used with any vehicle and potentially makes HUDs much more widely available. Garmin's HUD displays navigation directions and adds a few extras such as warning drivers of potential traffic delays and safety camera locations.

By combining the HUD with a vehicle on-board GPS, the driver can display map, turning and speed limit and traffic sign information on a car's windshield, says IHS. HUDs can also provide warning information such as oil level or tire pressure. By integrating the HUD with adaptive cruise control, the systems can alert the driver that the car is too close to a vehicle in front. In the future, features such as pedestrian warning, blind spot detection or night vision could fill the entire windshield.

A car is stolen every 44 seconds; only 52% recovered



The Dodge Charger is the most stolen vehicle in the United States, says NHTSA.

Even with the spread of ignition immobilizers, a motor vehicle is stolen every 44 seconds in the United States. Only 52 percent are recovered. And as many as half the thefts are caused by driver error. With July and August the biggest months for car theft, dealers should be sure to secure their inventory. July is National Vehicle Theft Prevention Month.

The figures were released last week by the National Highway Traffic Safety Administration. The 10 most stolen vehicles, NHTSA says, are the Dodge

Charger, Pontiac G6, Chevrolet Impala, Chrysler 300, Infiniti FX35, Mitsubishi Galant, Chrysler Sebring, Lexus SC, Dodge Avenger and Kia Rio.

The Highway Loss Data Institute (HLDI), which bases its ranking on insurance claims, came out with a different list, composed entirely of large pickups and SUVs. That's partly because HLDI's data doesn't distinguish theft of vehicle contents or components from theft of a whole vehicle, and many pickup claims result from the theft of equipment from the truck bed. The Institute's top insurance theft claims were for the Ford F-250 crew 4WD, Chevrolet Silverado 1500 crew and Chevrolet Avalanche 1500.

Theft rates are declining overall, says HLDI, largely because of the increase in ignition immobilizers. Fewer pickups than cars or SUVs have them as standard equipment, although the F-250 does.

NADA – Prices of used plug-in electrics to drop 30% in 2013

To meet the stringent fuel economy standards, automakers are scrambling to build and market plug-in electric vehicles (PEVs). But two years after introduction, sales of the Chevy Volt and Nissan Leaf fall short of their manufacturers' goals. And how are used, previously-owned PEV values expected to hold up?

Poorly, says a new report by NADA. Last year, PEVs depreciated 31.5 percent, and they are expected to lose nearly 30 percent in value this year. Their high up-front cost and limited range limits their appeal as new vehicles, so the federal government has stepped in with a substantial tax

credit. That spurred new sales but depressed values of used PEVs, which cost more than new models.

Higher gas prices would help spur EV sales, the report says, but they are not expected in the next few years. LMC Automotive forecasts that PEVs will slowly rise from 0.4 percent of new sales in 2012 to just 1.5 percent in 2020. Hybrid electrics are expected to be 6.1 percent of the market.

Va. dealer board covers advertising, Internet leads

The Virginia Motor Vehicle Dealer Board discussed two issues of interest to franchised dealers at its July meeting: the use of “free” in advertising, and Internet sales leads.

The Board’s executive director noted that use of the word “free” or similar language when advertising sale of a motor vehicle is prohibited in Virginia. Staff will closely monitor misuse of the terms.

Some Board members had expressed concern about the state law prohibiting solicitation or sale of a motor vehicle by an unlicensed person. The Board asked the executive director to create a new Internet task force to review the report written by the previous task force a decade ago. The question is whether enforcement changes are needed to keep up with the role of the Internet in sales.

Kindred Korner

Capital One Auto Finance



Tim Mullins

Capital One Auto Finance is a recent addition to the WANADA Kindred-Line membership, after expanding its auto finance presence in the Mid-Atlantic region in April 2012. The company, founded in 1988, has emerged as one of America's largest consumer franchises, with more than 45 million customer accounts, and is one of the nation's most recognized brands. Capital One’s belief that the power of information, technology, testing and great people can be combined to bring highly customized financial products directly to consumers has positioned it as the fifth largest bank in the U. S.

The recent local expansion has produced a buying center in Vienna, Va., where 36 associates service over 1,300 dealership clients around the Mid-Atlantic. Tim Mullins, the regional relationship manager, heads up the office and is extremely excited to be part of the WANADA organization. Recently, Capital One Auto Finance participated in the WANADA Open as an event sponsor. “We are pleased to be a first time sponsor of the WANADA Open” Tim said. “We have so many dealer clients that participate in this longstanding, well attended Washington area dealer occasion. It's a great way to see everyone in a relaxed, enjoyable setting.”

Capital One Auto Finance prides itself in providing the best service, flexibility and partnership through its Diamond Program. “The program helps distinguish our most coveted dealership partners,” Tim said.

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Correction!**Cordray remains director of CFPB**

Last week's [Bulletin](#) incorrectly stated that Richard Cordray had resigned as director of the Consumer Financial Protection Bureau at the end of June. He remained CFPD's director through President Obama's recess appointment and gained Congressional approval on Tuesday, July 16th. Richard Hackett, the Bureau's assistant director in charge of auto finance, left at the end of June.

Reflecting on things

There were no winners in the Trayvon Martin murder case that resulted in an acquittal for the defendant in Florida last weekend. Martin's death was tragic for the ill-fated 17 year old as it will forever be for his family, no less than George Zimmerman, who shot Martin and was prosecuted for murder and ultimately acquitted by a jury. If any good comes from this widely publicized adversity, it will be in what America learns about itself, and what Americans together do about it, as one nation under God. I love this country and believe we will be stronger and better as a result of this tragedy because when it's all said and done, it's how we handle things, and it's who we are -- all of us, together.

--Gerry Murphy
President & CEO, WANADA

Thought for the week...

We are only as strong as we are united, as weak as we are divided.

--J.K. Rowling, *Harry Potter and the Goblet of Fire*
(for Congress)