THE WANADA® BULLETIN

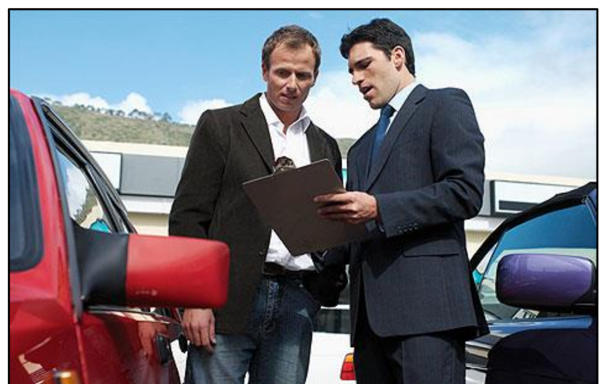
NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

WANADA Bulletin # 33-13 **August 28, 2013**

Headlines…

Hispanic car market recovering, will keep growing, says CNW

By 2016, Hispanics will make up 13 percent of the new-vehicle market and 14 percent of used, says a new report by CNW Marketing. (The numbers are based on an overall forecast of 16.8 million vehicles.) That's up from 9.6 percent and 10 percent last year.



Hispanic buyers are more brand-loyal than the market as a whole, says CNW.

The Hispanic market is recovering this year, though not as quickly as the overall market, and is on track to hit 1.76 million new and 5.1 million used vehicle sales, CNW says. Latinos were hit hard by the recession, with higher unemployment and a bigger drop in work hours per household.

CNW also found that Hispanic shoppers are less brand loyal than in 2000. In 2000, more than 64 percent of Hispanic buyers bought the same brand of car or truck that they previously owned. Through July of this year, the number was just 55.8 percent. Loyalty among non-Hispanic buyers was never as high, rising from 26.7 percent in 2000 to 31.8 percent this year.

Brand loyalty improved during the recession, in part because buyers become more risk-adverse during a shaky economy. The automaker bankruptcies made buyers more nervous about switching brands.

Auto lending up, but mostly to older buyers, says Fed report

The amount of auto loans nationally rose for the ninth straight quarter in second-quarter 2013, says a report from the New York Federal Reserve Board. But loans vary by age of the borrower: Consumers aged 60 to 69 are the only ones taking out more loans. Buyers aged 18 to 29 are borrowing less often than in the past. It’s another reminder that baby boomers, not young people, are your best customers now, and the best group to market to.

The report indicates that fears of another subprime bubble in auto loans are unfounded. “While originations to borrowers with the lowest credit scores have increased, they are just recently approaching historically ‘normal’ levels and are below those that we saw during the prosperous years leading up to the crisis,” says a blog post by New York Fed economists. About 23 percent of new auto loans were to borrowers with credit scores below 620, which is below the historic levels of 25 to 30 percent.

Toyota dealers should be wary of Callsource agreement

Central Atlantic Toyota dealers have received an agreement from Toyota Motor Sales that, if the dealer signs it, would allow Toyota access to tapes of all phone calls between dealership staff and customers. Toyota would provide dealers with the taping system from Callsource Automotive on the condition that dealers provide the access.

Area dealers should be cautious about signing the Callsource agreement from Toyota Motor Sales.

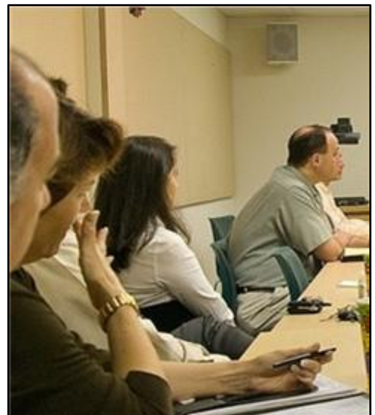
The agreement creates several potential problems, according to law firm Charapp & Weiss, a WANADA Kindred-line member. Although the agreement says it is a way of tracking Scion customer leads, “there is nothing in the agreement that limits Toyota’s access to only Scion customer calls,” says C&W. What’s more, taping has many ramifications under state and federal law. Considering all the recent publicity about National Security Agency surveillance of phone calls, many customers may be unhappy with the idea of having their conversations taped and shared with the manufacturer.

Sending customer information to the manufacturer must be done strictly in accordance with the dealer’s privacy policy. And, says C&W, taped conversations would be a “treasure trove for anyone who wishes to have access to those tapes, such as a plaintiff’s attorney.”

Last, the agreement would indemnify Toyota against "everything, even though the information sharing is for the benefit of Toyota," according to C&W.
The bottom line: Dealers are strongly urged to consult with legal counsel before signing the agreement.

Plan *now* for WANADA's Sales Training Seminar, September 10-12

WANADA will again offer its popular three-day Sales Training Seminar, Tuesday, September 10, to Thursday, September 12. Graduates will learn showroom-proven sales techniques perfected through repeated role-play to ensure understanding and long-term retention.



WANADA's popular sales training class is less than a month away.

Participants will learn both interpersonal and consultative selling skills, including:

- gaining early control of the sales process
- conducting an effective consultation
- performing a dynamic, value-building six-position product presentation
- giving proper demonstration techniques
- getting a commitment to "write the deal"
- "walking the trade"
- negotiating properly
- the correct way to T/O
- proper delivery techniques and purchases
- proper follow-up

James Elwell of Koons KIA who took the class earlier has since been promoted to sales manager had this to say. "This class absolutely helped me and gave me a foundation for success. Now I want to send my salespeople to the same class I attended!"

Another former participant, Dan Donahue, a salesman with Manassas Chrysler/Dodge/Jeep/Ram, says of the experience, "I hit the ground running with confidence and took away invaluable pointers that have stuck with me."

The class will be taught by the Academy for Automotive Professionals at WANADA headquarters in Washington, DC. For a registration form, click here. For questions, contact Kristina Henry at 202-237-7200 or kh@wanada.org.

Regulatory updates for dealerships:

DOT relaxes hazmat rules for airbags and seat belts

A new U.S. Department of Transportation rule relaxes the hazardous material (hazmat) shipping requirements for air bags and seat belt pretensioners. Dealership parts and service departments and body shops receive and ship a variety of hazmat, including chemicals, batteries, solvents, oils and wastes in addition to air bags and seat belt pretensioners. Effective August 29, 2013, the new federal rule eliminates the need to obtain explosive (EX) numbers for use on shipping papers accompanying air bag modules, inflators and seat-belt pretensioners. Dealerships will still need to properly package and mark these items before shipment. And dealership employees who receive, ship, or transport hazardous materials must still be trained every three years on the DOT's hazmat packaging, labeling, and shipping rules. NADA's *A Dealer Guide to the Federal Hazmat Transportation Regulations* (publication L37) is currently being revised to reflect these and other recent changes. For more information, contact NADA Regulatory Affairs at 703-821-7040 or regulatoryaffairs@nada.org.

OSHA decides not to change popular regulatory assistance consultation

OSHA has decided not to change the rules governing its On-Site Consultation Program, following objections from several small business groups, including NADA. The proposed changes could have weakened the separation between on-site consultation and OSHA enforcement and so acted as a *disincentive* for dealerships to access the program. NADA has long said that OSHA On-Site Consultations are one way for dealerships to review their federal or state OSHA compliance and to improve workplace health and safety. For more information on the program, click here or email NADA Regulatory Affairs at regulatory@nada.org.

EPA excludes solvent-contaminated wipes from hazardous waste regs

EPA issued a rule conditionally excluding solvent-contaminated wipes from its hazardous waste regulations, provided dealerships manage them properly. Generally, wastes contaminated with EPA-listed solvents become "hazardous" and must be managed as such. Under the new rule, *used wipes* contaminated with EPA-listed solvents are not considered hazardous waste if they are:

- Stored in closed, labeled containers.
- Liquid-free when sent off-site for cleaning or disposal.
- Not accumulated for more than 180 days.

NADA recommends using these management strategies for all used wipes. For more information on EPA's new rule, click here or contact NADA Regulatory Affairs at regulatoryaffairs@nada.org or 703-821-7040.

Bill would define *full-time* as 40 hours under health care law

The Forty Hours is Full Time Act of 2013 was introduced in July by Sen. Susan Collins (R-Maine) and Sen. Joe Donnelley (D-Ind.). The bill would change the definition of a full-time employee from 30 hours to 40 (or 174 hours a month for full-time equivalents) under the Affordable Health law, so employers would have to provide insurance to fewer workers.

The law requires employers with 50 or more full-time employees or equivalents to provide them with health insurance or pay a fine. As has been well publicized, employers are cutting staff hours in response. A study by the University of California Berkeley Labor Center found that at least 2.3 million workers are at risk of reduced hours because of the law.

The bill could be among the first legislative efforts on the health care law to be bipartisan if it succeeds as the Republican and Democrat sponsors intend.

EPA to change fuel economy labeling procedures

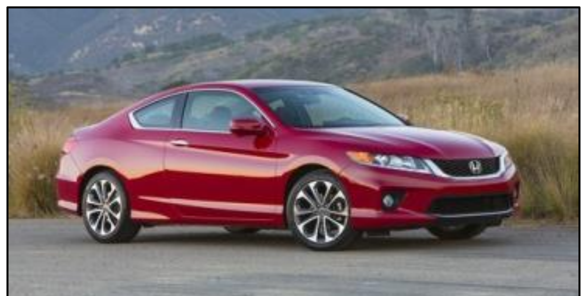
EPA is changing its regulations to adapt to new technologies.

After complaints from consumers that the 2013 Ford C-Max Hybrid did not achieve the fuel economy claimed by EPA, the agency is changing the way it calculates fuel economy numbers. Ford is voluntarily relabeling the vehicles with the new numbers.

EPA regulations from 1977 allow vehicles with the same engine, transmission and weight class to use the same fuel economy label value data because historically, such vehicle families achieve nearly identical fuel economy. But some new vehicles such as hybrids are more sensitive to small design differences. The original C-Max Hybrid had an EPA rating of 47 mpg; the new one is 43 mpg.

EPA plans to update its fuel economy labeling regulations to ensure the requirements keep pace with industry trends and innovations in advanced high-efficiency vehicles.

Most stolen: Honda Accord in Va., Dodge Caravan in Md.



2014 Honda Accord: Harder to steal.

The 1994 Honda Accord was the vehicle stolen most often in Virginia in 2012; in Maryland, it was the 2000 Dodge Caravan. The figures are from a new report by the National Insurance Crime Bureau (NICB), which has information on the 10 vehicles stolen most often nationally and by state.

In Virginia, the rest of the top five are the full-size 1999 Ford pickup, 2000 Honda Civic, 1998 Toyota Camry and 2000 full-size Chevrolet pickup. In Maryland, they are the 1997 Honda Accord, 2000 Honda Civic, 2004 full-size Ford pickup and 2007 Toyota Camry. The same models come up in national figures, with the top three the Accord, Civic and Ford pickup. The NICB notes that newer Hondas are rarely stolen, thanks to improved antitheft technology.

Really? It costs more to own a car in Virginia than in Maryland

Virginia is the nation's ninth most expensive state for owning a car, but Maryland is in the bottom half of states for car expense, in 29th place. The estimated annual cost of car ownership from Bankrate.com includes repairs, taxes and fees, gasoline and insurance. In Virginia, the total is $3,622, and in Maryland, $3,158.

The most expensive state is Georgia at $4,233, and the least expensive, Oregon, at $2,204. The District of Columbia is not included in the survey.

Reflecting on MLK's Dream Speech, 50 years ago today …

Our lives begin to end the day we become silent about things that matter.
--Martin Luther King, Jr.
From his last speech, April 3, 1968

… the lesson of our past (is) the promise of tomorrow: that in the face of impossible odds, people who love their country can change it. And when millions of Americans of every race, every region, every faith and every station can join together in the spirit of brotherhood… we will vindicate the faith of those who sacrificed so much, and live up to the true meaning of our creed, one nation under God, indivisible, with liberty and justice for all.
--President Obama
Lincoln Memorial, Washington, August 28, 2013