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Millennials moving from small cars to crossovers



In vehicle tastes, at least, millennials are not so unlike their parents as some thought.

In one way, at least, millennials are just like their parents: As they get older and earn a little more income, they are moving from small cars to crossovers. The change, recorded in a new study by Maritz Research, comes as many millennials are entering their early 30s, starting families and moving to the suburbs.

Half of the young people in the survey said they plan to buy a vehicle in the next four years, and 80 percent of them want a new one.

As one might expect, being connected in their cars is very important for this group. The automaker that offers an appealing mix of high-tech features "resonates with millennial buyers," Maritz Research vice president Chris Travis told TheDetroitBureau.com.

So far, small cars are still the top choice for buyers in Generation Y, as millennials are also known. But compact cars fell from 13.2 percent of their vehicle purchases in 2008 to 9.7 percent this year. Small crossovers such as the Nissan Juke were catching up, at 7.5 percent.

And whether for environmental or cost reasons, fuel economy is a high priority for young buyers.

In Maryland, dealers must identify title service agents

When a title service agent applies for an original or renewal license in Maryland, dealers engaging these persons must provide the Motor Vehicle Administration with the names of dealer staff and agents employed by the dealership.

The MVA will issue each employee or agent an identification card that authorizes the person to act on behalf of the dealer's title service. The card should be available upon request of a customer, investigator, auditor or MVA employee. A photocopy of the identification must accompany transactions brought into the MVA for processing. When an employee or agent is terminated, the dealer must immediately surrender the ID card to the MVA.

Any questions should be directed to mvablcsd@mva.maryland.gov.

National Drive Electric Week has local events

National Drive Electric Week, a nationwide event to heighten awareness of today's widespread availability of plug-in vehicles, is currently scheduled to take place September 15-21. Started in 2011 as National Plug-In Day with the idea to hold simultaneous events across the country on the same day, the organizers are expanding the event to cover an entire week.

Each event is led by local plug-in drivers and advocates and typically includes a combination of EV parades, ride-and-drives, electric tailgate parties, press conferences, award ceremonies, informational booths and more. Plug-In America, the Sierra Club, and the Electric Auto Association serve as the national team providing support to the events throughout the country.

To learn more about the events taking place in the metropolitan Washington area, please contact Joe Koch at WANADA, 202-237-7200 or jk@wanada.org.



Some worry that longer loans borrow sales from future

Auto loans are stretching out in many cases to six years and sometimes to seven, according to analysts including Experian Automotive and Edmunds.com. Some observers, such as Honda sales chief John Mendel and Morgan Stanley analyst Adam Jonas, are worried the strategy is short-sighted. They say that though the longer loans are helping pump up current sales to a 16.5 million, seasonally adjusted annual rate (SAAR), they are lengthening the purchase cycle and will keep buyers out of the market longer.

Others, such as NADA chief economist Steven Szakaly, aren't concerned. Szakaly says that with the average car on the road being more than 11 years old, people will pay off their loan before they are ready to buy a new vehicle, according to the *Detroit News*.

Analyst Jonas predicts that sales will rise to 17 million in 2015, a record-breaking 18 million in 2017, then drop to 14 million to 2019. This year, low interest rates, longer loan terms and appealing lease deals are keeping sales robust.

Subprime bubble isn't, says Equifax; NY Fed weighs in

Two recent reports on subprime auto lending, by Equifax and the New York Federal Reserve, try to put to rest some of the fears that have been raised by recent media reports.

“While the subprime lending segment needs to be monitored carefully, the evidence at this time does not suggest there is a bubble forming,” says Dennis Carlson, deputy chief economist for Equifax and an author of the report. The report shows that subprime auto loans have been fairly stable since 2012, and that new loans have been shifting toward the higher end of subprime scores. Recent subprime loans have performed well year to date.

The New York Fed found last year that 23 percent of auto loans went to borrowers with credit scores below 620. Although that is a significant share, it is still lower than the 25 to 30 percent share in the years before the Great Recession. In recently revisiting subprime data, the New York Fed found that subprime share has risen only slightly since 2010.

High tech in new cars causing ‘angst,’ says J.D. Power report



Connectivity doesn't always work as it should in new vehicles.

Connectivity and other high tech features are highly desired by new vehicle owners – when they work. But a new report by J.D. Power says those are now the features most likely to break down, and that's making owners unhappy. A new study by Maritz Research, as reported on page 1 of this issue, highlights how important connectivity is to young buyers.

Audio, communication, entertainment and navigation systems cause the most problems, according to the J.D. Power 2014 Multimedia Quality and Satisfaction Study, which measured the experiences and opinions of vehicle

owners in the first 90 days of ownership. Built-in voice recognition is the problem most frequently reported by new-vehicle owners, followed by Bluetooth connectivity, wind noise and navigation problems.

“Voice recognition and device connectivity are often inherent to the technology design and cannot be fixed at the dealership, creating a high level of angst among new-vehicle owners,” said Mike VanNieuwkuyk, executive director of global automotive at J.D. Power.

The voice recognition problems customers mention most often relate to three built-in hands-free communication problems: doesn't recognize or misinterprets verbal commands, names or words, and numbers.

Women shoppers more comfortable negotiating than men

Forget the old idea that men are more comfortable negotiating for their car purchase than women. A new survey from Swapalease.com says it's now the opposite. The information could be useful as dealers and their staff approach the sales process.

A third of women in the 1,000-person survey said negotiation makes car shopping "a fun process," compared with just a quarter of men. In fact, 23 percent of men said they have learned to negotiate but "really don't like it," compared with 17.5 percent of women.

Preference aside, more men look to negotiate a higher dollar amount off the MSRP. A whopping 81 percent of men said they look to negotiate \$2,000 or more off the price, compared with 64 percent of women.

It may not be surprising to hear that men and women alike regard the dealership as a battleground. Nearly one-third of men said they find negotiation hard because they "feel like the dealer will always win," and 37 percent of women said the same. An equal number of women said they are "not sure what a good/fair price should be."

To negotiate successfully, the majority of both men (32 percent) and women (53.5 percent) said they like to have lots of information they have researched beforehand. Interestingly, 22 percent of women said they try to focus first on monthly payment, compared with 9 percent of men.



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Smart cars, smart roads can save gas, traffic time

The technology in smart cars and roads has the potential to ease traffic and to substantially cut oil consumption and emissions, according to a new report by several transportation organizations.

"For example, wireless applications like vehicle platooning could produce fuel savings of more than 10 million barrels per year," said Scott Belcher, president of the Intelligent Transportation Society of America. An automated highway system allows platoons of cars to drive with less distance between them and to accelerate or brake simultaneously.

The report offers some current examples of savings created by technology. Some are small scale: The Smithsonian cut the fuel consumption of its fleet of vehicles by 52 percent by using GPS tracking and wireless communication to better manage its vehicles.

On a larger scale, Los Angeles County used a synchronization program to better manage traffic signals to meet demand along its major arteries and saved drivers 31 million hours of travel time and 38 million gallons of gas.

In vehicle technologies, widespread use of cooperative-adaptive cruise control could produce savings of 110 million barrels of oil and 20 metric tons of carbon dioxide emissions over 10 years.

Staying Ahead...

People talk about this being an uncertain time. You know, all time is uncertain. I mean, it was uncertain back in 2007, we just didn't know it was uncertain. It was uncertain on September 10, 2001. It was uncertain on October 18, 1987, you just didn't know it.

--Warren Buffet



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