

THE WANADA BULLETIN

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

WANADA Bulletin # 36-14

September 19, 2014

Headlines...

Renowned commentator George Will to keynote WANADA Annual Luncheon

U.S. dealer association leaders convene for NADA's Washington Conference

OSHA: Dealers must keep injury/illness log starting in 2015

Car buyers who shop a lot online also shop a lot in dealerships

Cars.com study finds many shoppers visit only 1 or 2 dealers

Cheaper parts, infrastructures, regs needed for driverless cars

Senate subcommittee holds hearing on NHTSA

Fuel economy at record high of 25.8 mpg

Americans willing to pay tolls for better roads, interstates

Pleasing customers with a free new owner car clinic

F&I professionals' workshop, October 7, WANADA headquarters

In memoriam: John Perdikis

Staying Ahead...

Renowned commentator George Will to keynote WANADA Annual Luncheon

Tuesday, Dec. 2, 2014, Ritz Tysons

WANADA is delighted to announce that esteemed political commentator and syndicated columnist George F. Will is scheduled to be the keynote speaker at WANADA's Annual Meeting and Luncheon which is set for Tuesday, December 2, 2014 at the Ritz Carlton, Tysons Corner, Va.

Well known for his authoritative and lively commentary on any number of national news shows, along with his many contributions as a syndicated writer with 400 news organizations, Will's perspective couldn't be more timely than it will be when he shares it at WANADA's Annual Lunch given Washington's dysfunctional politics and America's place in an ever more menacing and turbulent world. If the past is prologue, George Will should be well received by WANADA's dealer and Kindred-Line members, all of whom gave him high marks when he last spoke at the Annual Lunch ten years ago.



The Annual Meeting and Luncheon also provides the opportunity for WANADA leadership to present a comprehensive state of the industry and regional automobile business report to the membership. Members will also elect WANADA's 2015 Board of Directors in the Annual Meeting segment of the luncheon as Danny Korengold passes the *chairman's gavel* to Dick Patterson.

Lunch tickets are available *now* on an individual basis or at a discounted table rate. To pay by credit card [click here](#); to pay with a check, [click here](#) and download the registration form. For more information on the Annual Meeting & Luncheon, contact Kristina Henry, director of events, at (202) 237-7200, or kh@wanada.org.

U.S. dealer association leaders convene for NADA's Washington Conference

Legislation introduced to curb regulatory over reach by CFPB into auto lending



NADA Chairman Forrest McConnell at the 2014 Washington Conference.

WANADA dealer leaders and senior staff joined their counterparts from state and major metropolitan dealer associations from across the country who were in town last week for NADA's Annual Washington Conference.

The dealer associations, about 75 in total, are affiliated with the Automotive Trade Associations' network (ATAE) that works in tandem with NADA on grass roots efforts which the visiting dealer association leaders last week put to good use by going up to Capitol Hill in large number to visit their members of Congress in the House and Senate.

Topping the national government relations agenda for dealers this year is legislation NADA introduced known as the "Reforming CFPB Indirect Auto Financing Guidance's Act," HR 5403. The purpose of the measure -

- which NADA says enjoys bipartisan support in Congress -- is to require the Consumer Finance Protection Bureau to follow a transparent process when issuing auto finance guidance to the financial institutions it regulates. Moreover, HR 5403 is designed to force CFPB to become accountable to lawmakers, no less than those it regulates and the public that is impacted by the agency's regulations. CFPB's "guidance" to the banks it regulates on indirect auto loans they originate through dealers has been for these banks to reevaluate how they compensate dealers. The reason, according to CFPB, is to discourage widespread discrimination against minorities which CFPB says dealers practice. (Since CFPB doesn't regulate dealers as "credit arrangers," but instead can only regulate banks.)

By requiring CFPB to proceed in their regulatory charge with due process of law, per HR 5403, the likelihood that allegations of dealers discriminating against minorities on auto loans would go away, like the specious and baseless allegations that they are.

Speakers at the conference included a stellar line up of members of Congress such as Steny



WANADA reps at the Washington Conference with House Minority Whip Steny Hoyer. From left, John O'Donnell, Gerry Murphy, Steny Hoyer, Tamara Darvish, Danny Korengold and Jack Fitzgerald.

Hoyer (D-Md.), House minority whip, who WANADA's representative met and brought into the meeting. Other speakers included: Rep. Jamie Herrera Beutler (R-Wa.), Sen. Mike Kelly (R-Pa.)--an automobile dealer--Sen. Jerry Moran (R-Ks.), and Rep. Marlin Stutzman (R-In.).

Representing WANADA at the Washington Conference were Danny Korengold, chairman of the board and Tamara Darvish, NADA director for Metropolitan Washington. WANADA was additionally represented by Jack Fitzgerald and Geoff Pohanka, along with John O'Donnell, WANADA CEO and Gerard Murphy, counsel.

OSHA: Dealers must keep injury/illness log starting in 2015



The new OSHA rule cancels an exemption for auto dealers. Photo by David Defoe.

Under an action last week by the Occupational Safety and Health Administration (OSHA), dealers with 11 or more employees must use OSHA Form 300 to record workplace injuries and illnesses. By February 1, 2016, they must also use OSHA Form 300A, the summary of workplace injuries and illnesses that occurred in 2015.

OSHA had previously exempted several industries from the record requirement, including dealers. As a concession, says NADA, the final rule has a commitment by OSHA to review the efficacy of the changes in two years – the direct result of NADA's continuing opposition to the exemption repeal, first proposed by OSHA in 2011.

Dealers can access an [OSHA fact sheet](#) about the rule and an [online tutorial to train employees](#). NADA Regulatory

Affairs will soon issue an all-members FAQ outline on the topic. In the meantime, questions can be directed to Regulatory Affairs at 703-821-7040 or regulatoryaffairs@nada.org.

Car buyers who shop a lot online also shop a lot in dealerships

New-vehicle buyers who spend the most time on the Internet before purchase also visit the most dealerships, concludes a new study by J.D. Power, the 2014 New Autosopper Study.

“There may be a notion in the marketplace that the more auto shoppers use the Internet to determine which vehicle to buy, the fewer dealers they are inclined to shop, yet we see just the opposite,” said Ariane Walker, senior director, automotive media and marketing at J.D. Power.

Internet users spend an average of nearly 14 hours shopping online. Those who spend the most time online – 12 hours or more – visit 3.3 dealers. The vast majority use their desktop or laptop, but nearly a third used their smartphone or tablet, up from last year. More than 40 percent used multiple devices.

More than a third of Internet users used a smartphone or tablet while shopping at a dealership, most commonly searching for vehicle pricing, model information, inventory and special offers on incentives. Among Internet users who used mobile devices at the dealership, 84 percent used the pricing information to negotiate, and usually got a better deal.

“Shoppers are gathering information digitally up to the moment the deal is signed,” said Walker. “Dealers need to accept this process as the new status quo and provide complete transparency with price, value and product offering.”

Cars.com study finds many shoppers visit only 1 or 2 dealers



The Cars.com study says shoppers rely more on online research, maker fewer showroom visits.

A new study of the digital influence in car shopping commissioned by Cars.com says that new car buyers put more weight on online research, though the dealership visit remains important.

The study finds that the average shopper is influenced by six or seven different sources when researching the car purchase and uses only one or two as the main information source. The top online sources listed by new car shoppers range from independent research sites (mentioned by 50 percent) to search engines, manufacturer websites and automotive dealers (mentioned by 42 percent).

Most shoppers are influenced by at least three online sources. Consumers said that dealership websites are quite useful, but the information is not completely trustworthy.

Top offline sources are: Talking to friends, dealership visits and noticing a vehicle on the street.

“While consumers can find more information than ever online, nothing replaces the tactile experience of seeing, touching and test-driving a car, all of which helps tap into the emotional aspect of making such a significant purchase,” the study says. “But one of the challenges for dealers is that there’s so little they have control over before a shopper makes the decision to visit the dealership.”

With online information readily available, consumers feel well informed before they go to a showroom. One in five shoppers visits just one showroom, and one in four visits two. Despite these findings by Cars.com, the J.D. Power research in the forgoing article says that people who shop for cars over the Internet visit 3.3 dealerships. It appears, therefore, that even researchers can disagree.

Cheaper parts, infrastructures, regs needed for driverless cars

No one doubts that autonomous cars are coming. The question is how soon and at what cost, financially and otherwise. For instance, there could be privacy concerns. Participants at the Intelligent Transportation Systems World Congress last week in Detroit discussed all these issues.

One obstacle is the cost of the sensors put in cars to enable them to be “driverless.” The price of a system for one car currently ranges from \$8,000 to \$25,000, John Lauckner, General Motors’ chief technology officer, said during a panel at the congress, according to TheDetroitBureau.com.



Google has demonstrated a prototype driverless car. Street versions may not arrive for several years.

“The cost of sensing and processing is going to have to move down a lot if we’re going to make a manageable and a large-scale deployment of autonomous automated vehicle technology over the next few years,” Lauckner said.

But Verizon chairman and CEO Lowell McAdam predicted we’ll see driverless cars in three to five years, if infrastructure can be built and federal regulations put in place.

Although many may like the idea of letting their car find the most efficient, least traffic-choked route to work, privacy could be a concern. What if federal agencies were able to use the technology to pinpoint drivers’ location and businesses were to inundate them with ads? Lauckner brushed aside such concerns, saying 80 percent of the information would be collected anonymously.

Some cities are already moving ahead on infrastructure. The Michigan Department of Transportation announced this month it would add vehicle-to-road communication to 120 miles of area highway starting next spring.

Senate subcommittee holds hearing on NHTSA

The Senate Subcommittee on Consumer Protection this week is holding a hearing on the future of the National Highway Traffic Safety Administration (NHTSA) in the wake of the agency’s handling of the General Motors recall.

Witnesses will include NHTSA Deputy Administrator David Friedman, an inspector general from the Department of Transportation, Robert Strassburger from the Alliance of Automobile Manufacturers and representatives from two safety groups.

Subcommittee chairman Claire McCaskill (D-Mo.) and member Richard Blumenthal (D-Conn.) faulted NHTSA’s handling of the GM recall in interviews with the *Detroit News*, saying the agency was not aggressive enough.

There has been some discussion of substantially increasing NHTSA’s budget and staffing. NHTSA has said it wants to increase the maximum fine for automakers that delay recalls from \$35 million to \$300 million.

McCaskill has introduced a bill that would make it easier for prosecutors to file criminal charges against automakers. Automaker executives who knowingly cause a person’s death could be subject to life in prison.

Fuel economy at record high of 25.8 mpg

Fuel economy of new vehicles sold in the U.S. hit an all-time high of 25.8 mpg in August, up 0.2 mpg from July, according to the University of Michigan Transportation Research Institute. Fuel economy is now up 5.7 mpg from October 2007, when UMTRI started monitoring it.

UMTRI also found that driver emissions are tied for the record low. The Eco-Driving Index estimates the average monthly emissions generated by an individual driver, taking into account both the fuel used per distance driven and the amount of driving. The June figure of 0.78 is down 22 percent since October 2007 (the lower the better).

Americans willing to pay tolls for better roads, interstates

More than three in four Americans would support paying a toll if it resulted in a safer, congestion-free and more reliable trip, according to a poll by infrastructure firm HNTB Corp.

Even putting tolls on existing interstates, which traditionally don't have tolls, is backed by 78 percent of Americans if the funds went solely toward improving that particular interstate. Earlier in the summer, the Obama administration proposed a new federal transportation authorization, the Grow America Act, which would allow the Transportation Secretary to grant states a waiver from the prohibition on tolling segments of interstate highways.



Interstate drivers are willing to pay tolls to get higher quality roads and reliable travel time.

“Inflation, improved fuel economy, changing driving habits and rising construction costs have eaten away at the purchasing power of federal and state gas taxes,” said HNTB senior vice president Jim Ely.

Quality of pavement, ease of access, reliable travel time and clear signage are high priorities for regular users of interstates, the poll found.

Pleasing customers with a free new owner car clinic

Here's a customer satisfaction idea that a dealer is successfully trying in Pittsburgh: Dean Honda offers a free, in-depth car clinic to help new owners understand the high tech features of their car.

In the classes, which the dealership has offered since 2011, owners learn about pairing a Bluetooth with a cellphone, using a car's Internet features, using cruise control and adjusting the seats.

“Basically, the clinic is about explaining what each button in the car means and what it can do for you,” said instructor Greg Thomas. “We want to help you get the most out of your vehicle.”

Thomas will answer questions by phone or email from customers who can't attend a clinic.

F&I Professionals' Workshop, October 7, WANADA headquarters

WANADA will again hold its popular F&I professionals workshop on October 7, 2014 at WANADA headquarters in Washington. The all-day workshop will teach F&I managers the importance of legal compliance with all the laws impacting F&I and protecting the dealer's assets.

Topics to be covered: Unfair and deceptive trade practices; the Tax Reform Act and FinCen Form 8300; Truth in Lending/Regulation Z; Consumer Leasing/Regulation M; rate speed; the Equal Credit Reporting Act/Regulation B; the Fair Credit Reporting Act; the FACT Act; Gramm-Leach-Bliley; the Magnuson-Moss/Warranty Act; and the USA Patriot Act.

WANADA's F&I experts, JM&A, will conduct the training.

For workshop information, contact Kristina Henry at (202) 237-7200 or kh@wanada.org. Click [here](#) to register online and pay by credit card. To pay by check, click [here](#) and download the registration form.

In Memoriam:
John Perdikis
Father of Alex Perdikis, Koons of Silver Spring

WANADA is sad to report the passing of John Perdikis, beloved father of WANADA Board member Alex Perdikis, managing partner of Koons of Silver Spring. He died in hospice on Tuesday, September 9, after a hard-fought battle with dementia. He was 93.

Born in Greece, John Perdikis joined the underground Greek resistance at a young age, fighting both the Nazis and the ongoing internal communist party. He quickly became a major force in the resistance movement.

Because of his resistance activities, the Germans tried to capture him in the middle of World War II. In September 1943 he was captured by the communist guerrillas, who tried to establish a communist government in Greece before the liberation. He escaped in February 1944. He wrote a book about those years entitled, *The Struggle for Liberty: Testimony of a Fighter*. He was truly a member of the Greatest Generation.

He later dedicated his life to the Greek foreign service, living all over the world and spreading his belief in a democratic government. He retired from the foreign service in the early 1980s. He and his wife Zadezka decided to stay in America to start the next chapter in their lives.

He became an accomplished businessman, real estate investor and an active member of the Greek-American community. He kept his desire to be involved with all things political as he wrote a column for one of the major national newspapers in Greece. He was a proud member of the Washington press corps.

Funeral services took place on September 12 at St. Sophia's Greek Orthodox Cathedral in Washington. In lieu of flowers, contributions may be made to the Alzheimers Association by clicking [here](#).

To Alex and his family and circle of friends, WANADA extends its sincerest sympathy.

###

Staying ahead...

The cost of freedom is always high, but Americans have always paid it. One path we shall never choose is the path of surrender or submission.

--John F. Kennedy