

THE WANADA BULLETIN

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

WANADA Bulletin # 36-15 A Day which will live in infamy, 14 years ago: September 11, 2015

Headlines...

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Registration, housing now open for Auto Show Industry/Media Days in 2016



Registration and housing are now open for industry, government, and media representatives for Industry/Media Days at the 2016 Washington Auto Show. With the theme “The Power of Mobility,” Auto Show Chairman Geoff Pohanka, the Auto Show Committee and the rest of WANADA’s team have been hard at work on assembling Washington’s annual new vehicle exposition for 2016. Once the 2015 Washington Auto Show closed, work started on 2016, which will be open to the public for ten days, Friday, January 22, to Sunday, January 31.

Auto Show events during Industry/Media Days for attendees from around the world are scheduled January 20-21. Besides the Auto Show events at the world class Walter E. Washington Convention Center, certain Industry/Media Day activities will occur on Capitol Hill with members of Congress. As in the past, the first day will occur on Capitol Hill, and the second day is at the Convention Center with featured automaker media announcements. WANADA dealers, automaker executives, government officials and members of the media are invited to register at www.washingtonautoshow.com. Those registering for hotels should do so *soon* to take advantage of the *deeply* discounted room rates in the official hotels.

Lexus piloting a no-haggle pricing program with 12 dealers

Lexus said recently it will pilot a no-negotiation pricing program with about 12 volunteers among its 236 U.S. dealers in an effort to appeal to millennials.

“While negotiation-free-pricing is not revolutionary, we strongly believe the concept will further elevate transaction transparency and customer care,” said Jeff Bracken, general manager of Lexus.

Executives at the luxury division have seen research that young buyers hate to haggle over prices, and like every automaker, Lexus is anxious to capture the millennial market. But Marcie Merriman, a consumer engagement consultant at Ernst & Young, told the *Washington Post* that millennials grew up in an era of discounts and coupons and often use their smartphone for on-site comparison shopping. So they might not be impressed with the nonnegotiable price offered by the dealer.



Lexus vehicles such as this 2016 LX 570 will have nonnegotiable prices at some dealerships.

A recent study by the Consumer Electronics Association found that the majority of shoppers who use mobile devices would rather rely on information from their electronic device while in the store than talk to a salesperson. That’s especially true for shoppers age 25 to 44. An even higher number consider online information more reliable than in-store product displays or sales literature.

August new vehicle sales beat forecast; SAAR tops 17.7 million

With many observers predicting lower vehicle sales last month because Labor Day weekend sales will be in September, August’s 17.7 million SAAR beat expectations. Low gas prices, a steadily improving job market and favorable financing terms all helped push up sales.

As has been the case for several months, trucks and utilities vehicles led U.S. sales – 57.3 percent versus 42.7 percent for cars. Year to date, light truck sales are close to NADA’s predicted 56 percent share, at 55.3 percent of the market. Traditionally, Washington area buyers have favored cars, but even here, trucks and utilities are moving up, as shown by the last WANADA Area Report (reported on in the [August 21 Bulletin](#)).

Truck-dominant manufacturers fared better. Fiat Chrysler, which included an 18 percent jump in Jeep sales, rose 2 percent for the month.

“In spite of a tough 2014 comparison and extreme stock market volatility, our dealers’ competitive spirit kicked in and propelled us to our 65th consecutive month of year-over-year sales increases,” said Reid Bigland, head of U.S. sales at FCA.

Japanese automakers, more dependent on cars, didn’t fare as well. Toyota sales dropped sharply, by 8.8 percent. Honda was down nearly 7 percent and Nissan edged down almost 1 percent. Ford, driven by improving sales of its redesigned F-150, rose 5.6 percent.

“I am very, very bullish on the back half of the year,” said Ford’s U.S. sales chief Mark LaNeve.

General Motors sales dropped by 0.7 percent, which the automaker attributed to its cut back on fleet sales.

Vehicle transaction prices rose nearly 3 percent from a year ago, NADA said. But in an effort to boost car sales, automakers increased incentives more than 3 percent year to date, according to Autodata – particularly Asian brands.

In the pricing arena, “September will be a telling month depending on the impact of Labor Day sales and wavering financial market conditions,” said Akshay Anand, analyst for Kelley Blue Book. “Hopefully manufacturers will stay disciplined and not over-incentivize to meet sales goals if the markets continue to falter.”

Though NADA economist Steven Szakaly is concerned about the global slowdown and volatile equities markets, his forecast U.S. new vehicle for 2015 remains unchanged at 17.2 million.

Startup business drives used car to consumer’s door for test drive



Shift sends an independent contractor to the customer’s home for a test drive. Photo by Shift Technologies.

In a San Francisco variation on car brokers, a year-old startup buys and sells used cars without the dealership or the customer paperwork. The company, Shift Technologies, can also offer financing through its partners. The service, now in San Francisco and Los Angeles, plans to expand to DC and several other cities by 2017. The company is currently the second largest used-car seller in San Francisco, above three franchised dealerships, a spokeswoman says.

Here’s how it works: Potential sellers fill out an online form or call Shift to describe their car. Independent contractors called “car enthusiasts” go to the customer’s home to offer a quote, pick up the car and bring it back to a central warehouse for inspection and detailing. Shift handles the Department of Motor Vehicles paperwork and sells the car for the customer.

The cars are sold through listings on AutoTrader.com, Cars.com, CarGurus.com and Shift’s website, Driveshift.com. Shift boasts to sellers that their quotes can be as much as 30 percent higher than they would get from a dealer trade-in.

Buyers can browse inventory on Shift’s website. A contractor will bring the car the buyer is interested in for a test drive in “as little as 45 minutes,” Shift says. Prices are nonnegotiable, but the company says buyers typically pay about 15 percent less than they would at a new or used-car dealership. Neither buyer nor seller pays a fee. Shift takes a portion of the profit.

Goldman Sachs recently backed the venture with \$50 million in funding from its venture capital division.

Trend continues with gas prices dropping 37 cents over the summer

Average U.S. gas prices have dropped about 37 cents per gallon since hitting a 2015 peak price of \$2.80 on June 15, says the American Automobile Association. With a growing portion of vehicle sales devoted to utilities and light trucks, even in the normally car-dominated Washington area, it’s important to keep tracking gas prices.

Gas prices averaged \$2.60 per gallon in August, the lowest average for the month since 2005. One reason we can expect a continued lowering of prices: Gas prices generally drop after Labor Day, which is considered the end of the summer driving season.

“Gas prices in many parts of the country could fall below \$2 per gallon by Christmas if the cost of crude oil remains low,” said AAA spokesman Avery Ash. “There is good reason to believe that cheaper oil costs, a seasonal decline in driving and the switchover to less costly winter-blend gasoline will continue to push down prices through the end of the year.”

Most Americans support 10 cent gas tax hike, polls show

More than 70 percent of poll respondents said they would support a gas tax increase of 10 cents per gallon to improve road maintenance, according to a recent study by the Mineta Transportation Institute. The survey of 108 polls found that the majority of Americans would support a gas tax increase under specified conditions. If the gas tax were used to pay for undefined transportation problems, only 31 percent would support an increase.

The polls asked about general support only, not about specific proposals. But, the study’s authors write, the results are still notable in light of how often politicians and commentators say the public would not support a gas tax. The groups that showed the greatest support for a gas tax increase: Asians and Asian-Americans, African-Americans, Latinos and young people.

The federal gas tax has not been raised since 1993. Several states have raised their gas tax -- including Maryland and Virginia -- as part of comprehensive transportation bills in the past two years. The Highway Trust Fund has consistently fallen short of revenue needed for transportation funding. In large part because of the difficulty in finding a reliable source of funding, Congress has passed 34 short-term transportation bills in the past several years. The current stopgap measure expires October 29.



Support for a higher gas tax goes up if conditions for its use are specified.

Autonomous cars will soon be ready, but what about regulations?

Different models are starting to have more and more “self-driving” features, and Nissan says it will have a fully autonomous car by 2020. But regulatory delays and insurance questions may hold up progress, according to an analysis by Paul Eisenstein in TheDetroitBureau.com.

When the 2016 BMW 750i comes out, drivers will be able to take their hands off the wheel for up to 15 seconds. The new model will also be able to park itself in a garage after the driver has gotten out of the car – but only in Europe. BMW is still working on regulatory approval in the United States.

With Cadillac’s Super Cruise system, out in a year, drivers will be able to cruise well-marked freeways for long periods – if regulators approve the feature.

Any such feature would need to be approved by the National Highway Traffic Safety Administration. With highway deaths increasing and autonomous driving advocates convinced that the features will save lives, federal approval may seem like a no-brainer. But NHTSA has plenty on its plate now as it focuses on safety defects and unprecedented recalls in recent models.

Insurance questions create more uncertainty. Some autonomous driving proponents want federal and state agencies to start approving regulations such as one that would create limited liability for autonomous technologies.

The insurance industry is as eager as any party to lower the highway death rate, and the Insurance Institute for Highway Safety has praised semi-autonomous technologies, such as forward collision warning with autonomous braking.

300 space, vehicle storage lot available on Upper Rockville Pike

The former location of the Carmax on Rockville Pike is available for temporary storage lot use through July 2016, or later. The lot, which is lighted and fronts Rockville Pike, has more than 300 outdoor spaces.

For information about vehicle storage or other possible temporary use of the property or buildings, call the owner's representative, Raymond Sherbill, at (301) 347-1275.

Thought for the Week...

September 11 is one of the worst days in our history, but it brought out the best in us. It unified us as a country and showed our charitable instincts, while reminding us of what we stand for.

--Sen. Lamar Alexander (R-Tenn.)

