

THE WANADA BULLETIN

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

WANADA Celebrating 100 Years of Service (1917-2017)

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October 18, 2017

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Final CFPB rule on “payday loans” generally excludes dealers

Stair-step programs erode consumer trust, Scarpelli warns automakers

NADA Show 2018 registration now open, discounted until Nov. 17

Register for WANADA’s Annual Meeting – Nov. 17 at Ritz-Tyson’s

Registration for Public Policy Days at Washington Auto Show is open

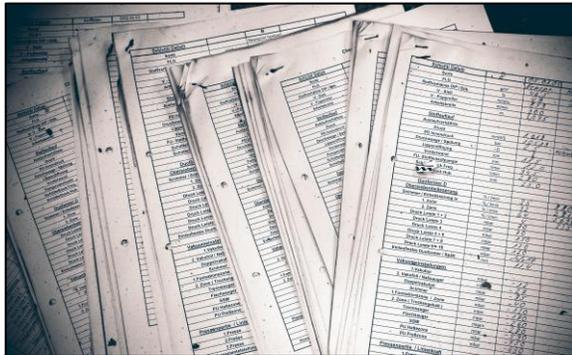
GM CEO Barra discusses consumer choice and EV mandates

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Staying Ahead...

Final CFPB rule on “payday loans” generally excludes dealers



Changes between the proposed rule and the final rule save dealers from another regulatory burden.

Good news for dealers: The final rule from the Consumer Financial Protection Bureau (CFPB) on certain payday, vehicle title and other loans generally excludes franchised dealers. That’s because of some substantial changes from the initial proposal made after written comments that NADA filed on the proposed rule last year.

Among other features, the rule requires lenders to make “ability to repay” determinations when extending those loans. Although the proposed rule would have covered certain high-cost vehicle finance contracts, the final rule generally

excludes such contracts unless they have a balloon payment. A balloon payment is defined as at least one payment that is twice as large as any other payment.

Dealers are generally exempt from CFPB rulemaking, but dealers’ finance sources *are* under the CFPB’s jurisdiction. If the CFPB had required lenders to make “ability to repay” determinations for a wider variety of vehicle finance contracts, lenders were expected to pass those requirements along to dealers in the form of new contractual duties. That’s why NADA and other associations filed comments with the CFPB last year urging it to exclude standard vehicle credit contracts from the final rule – which the agency did.

“This success prevents another expansion of the current regulatory burden on dealers,” said Rhett Ricart, chairman of NADA Regulatory Affairs.

Stair-step programs erode consumer trust, Scarpelli warns automakers



NADA Chairman Scarpelli in Detroit.

Speaking at the Automotive Press Association in Detroit last week, NADA Chairman Mark Scarpelli warned automakers that stair-step incentive programs are damaging their brands and eroding consumer trust.

“Any dealer who’s had to work with these programs can tell you that they are not only trust killers, but they’re brand killers, too,” Scarpelli said. “Not being able to offer two customers the same price on the exact same equipped vehicle, just because they came into the dealership on different days of the month, destroys consumer confidence.”

The proliferation of market strategies such as indiscriminate price coupons and unfair stair-step incentive programs are leading to severe unintended negative consequences for consumers, dealers and manufacturers alike, Scarpelli said.

“Shoppers of brands that use stair-step incentive programs see large discrepancies in price for the same or similar vehicles across different dealers. Or worse, at the same dealer, but at different points in time. Or worse still, a discount applied to a vehicle they don’t want, but that can’t be applied to a vehicle they do want,” Scarpelli said. “So these consumers see wild discrepancies and fluctuations in prices, and discrepancies that aren’t transparent, and that can’t be explained by pointing out meaningful differences in the product itself.

“That lack of consistency, lack of transparency, and lack of explanation is leading directly to a lack of trust – lack of trust in both the individual dealer and, in fact, lack of trust in every dealer who also carries that make,” Scarpelli said.

NADA hired an outside economic research firm, the Analysis Group, to do an independent examination of what stair-step incentive programs accomplish in the marketplace. Scarpelli offered a telling sentence from the group’s key findings:

“Manufacturers who use stair-step programs aggressively risk damaging their brand in the long run and entering a death spiral of declining demand that eventually no amount of discounting can profitably overcome.”

Scarpelli ended his remarks by calling the dealer-manufacturer relationship “symbiotic. And so to our manufacturer partners, I say, Let us be entrepreneurs. We’re pretty good at it.”

NADA Show 2018 Registration now open, discounted until Nov. 17

Online registration and hotel selection for NADA Show 2018 in Las Vegas is now open, NADA member dealers and their managers who register for the convention by Nov. 17 will receive an early-bird discount of \$100 from the onsite registration site.

The NADA Show runs from Thursday, March 22, to Sunday, March 25. Keynote speakers are Mark Scarpelli, 2017 NADA chairman, and Nick Saban, head football coach at the University of Alabama (Friday's general session); Wes Lutz, 2018 chairman-elect, and John Krafcik, CEO of Waymo Inc. (Saturday's general session); and Robert O'Neill, former SEAL Team Six Leader (Sunday's inspirational session).

The NADA Show also includes workshops, dealer franchise meetings, an expo and many networking opportunities. For more information and to register, visit www.nadashow.org.

Register for WANADA's Annual Meeting – Nov. 17 at Ritz-Tyson's

Tickets are going fast for WANADA's Annual Meeting and Luncheon, Friday, Nov. 17, at the Ritz-Carlton Tysons Corner. You won't want to miss the political analysis by speaker Bret Baier, Fox News Channel's chief political anchor. Baier served as co-anchor of Fox's American Election Headquarters with Megyn Kelly and also moderated Fox's five Republican presidential primary debates.

In addition, WANADA leadership will present a state of the industry and regional automobile business report. Members will also elect WANADA's 2017-2018 Board of Directors. The Annual Meeting and Luncheon are sponsored by Armatius, BG, CBM and SunTrust.

New this year will be a Fireside Chat with Bret Baier, immediately following the Annual Luncheon in a room in the Ritz-Carlton, for members who pay an extra \$50 to attend this exclusive session. Only 40 tickets will be offered on a first-come, first served basis.

Registrations will be emailed to luncheon registrants starting Nov. 1. The Fireside Chat is sponsored by WellNet Healthcare.



Bret Baier will be keynote speaker.

WANADA members and luncheon guests who do not plan to attend the Fireside Chat are invited to attend the post-luncheon Happy Hour, a great opportunity to continue the mingling and complete the networking. The post-luncheon Happy Hour, sponsored by Architects Group Practice and Buch Construction, will be held from 2:00 to 4:00 p.m. in the salon area just outside the ballroom where the luncheon takes place.

Click [here](#) to register for the Annual Meeting and Luncheon and pay by credit card or check (invoice).

Registration for Public Policy Days at Washington Auto Show is open

[MobilityTalks International](#), the world's premier conference on connected and autonomous vehicle regulation at The Washington Auto Show, is returning to DC in January.

Click [here](#) to register for the Washington Auto Show's Public Policy and Media Days, Jan. 23-25, including MobilityTalks Jan. 23-24. Select "Government" on the main registration menu if you work in the public sector.

Need a hotel room? The Washington Auto Show has negotiated *the best* hotel room rates in the city for the premier properties near the convention center during the show. You can register for a hotel room at the same time as you sign up to attend the Auto Show by clicking the link *above*.

In addition to these great hotel room rates those who book will receive outstanding customer service and enjoy additional benefits by participating in the room block managed by Experient. Book early for the best room selection!

GM CEO Barra discusses consumer choice and EV mandates



GM CEO Mary Barra with Chevrolet Bolt as it is named North American Car of the Year at the 2017 North American International Auto Show.

When General Motors CEO Mary Barra talked recently about consumer choice and electric vehicle mandates, she was talking about China. But her point could apply to the United States or any other country with a consumer market for cars.

Barra was talking about the importance of consumer choice, even in a place like China where the government has said it plans to ban gasoline-powered vehicles, though it has not set a target deadline.

“At the end of the day you still have to make customers happy and you have to meet their needs,” Barra said. “And so we’ve encouraged the Chinese government to work with us and work with the industry to make sure we’re creating the excitement and demand for electric vehicles as opposed to it just being mandated.”

Barra was speaking at a conference in Washington honoring her for winning the top spot on Fortune Magazine’s Most Powerful Women List. GM has shown its commitment to the EV market with its recent announcement that it would launch 20 new EVs by 2020 as part of its move to an all-electric future. Ford also recently announced its commitment to an all-electric future. There have been reports, also, that California is planning to ban gasoline-powered cars.

Green Car of the Year finalists announced, precursor to WAS awards

Green Car Journal announced its five finalists for the magazine’s 2018 Green Car of the Year award. At the 2018 Washington Auto Show in January, *Green Car Journal* will bestow awards for the Connected Green Car of the Year, Green SUV of the Year and Luxury Green Car of the Year.

The finalists for Green Car of the Year are all Asian models: the Honda Accord, Honda Clarity, Hyundai Ioniq, Nissan Leaf and Toyota Camry. The winner will be announced at the Los Angeles Auto Show on November 30, 2017.

Traffic deaths in 2016 rise to highest level since 2007, says NHTSA

Deaths from motor vehicle crashes rose 5.6 percent last year to their highest level since 2007, reports the National Highway Traffic Safety Administration. The increase is not as great as from 2015 to 2016, when traffic fatalities rose nearly 10 percent, but those two years reverse a decline over several years.

Auto crashes caused the deaths of 37,461 people in 2016. One factor could be a 2.2 percent uptick in vehicle miles traveled.

One piece of good news: Deaths from distracted driving and drowsy driving decreased. But deaths related to other reckless behaviors – speeding, drinking and not wearing seat belts – continued to increase. Motorcyclist and pedestrian deaths accounted for more than a third of the year-to-year increase.

Traffic deaths declined in six of the seven years from 2007 to 2014. One reason is an increase in vehicle safety technology, such as anti-lock brakes. Automatic emergency braking, rearview cameras, lane departure warning and advanced air bags have also improved vehicle safety.

A recent study by the American Automobile Association (AAA) found that the increasingly complicated infotainment systems in cars are a distraction for many drivers. Drivers using in-vehicle technologies like voice-based and touch screen features were visually and mentally distracted for more than *40 seconds* when completing tasks such as programming navigation or sending a text message. Removing eyes from the road for just two seconds doubles the risk for a crash, according to previous AAA research.

Staying Ahead...

Progress is impossible without change, and those who cannot change their minds cannot change anything.

--George Bernard Shaw

