

THE WANADA BULLETIN

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

WANADA Bulletin # 46-14

November 30, 2014

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Schedule set for 2015 Washington Auto Show; hotel rooms open

The latest in new vehicle technology, design, innovation and alternative fuel solutions from more than 40 automakers worldwide will be on display at the 2015 Washington Auto Show. Public Policy Days unite auto industry leaders with public policy makers to drive a smarter, greener, clear and safer automotive future.



An email will be sent to you to register for the 2015 Washington Auto Show Public Policy Days and book your hotel room at our specially negotiated prices. These rates are available for a limited time and should be booked now for the best selection.

Here is the schedule for the Public Policy Days:

Wednesday, January 21, Cannon House Office Building, Caucus Room, Capitol Hill

1:30 p.m. - 3:00 p.m.

CARTalks Policy Forum

Dynamic short talks on compelling topics affecting the U.S. auto industry

Thursday, January 22, Walter E. Washington Convention Center

8:00 a.m. - 5:00 p.m.

Public Policy Day Onsite

Automaker and Supplier Announcements

5:00 p.m. - 8:00 p.m.

Sneak Peek Preview

Public Policy days for the industry, media and WANADA members is an opportunity to see the new lineup of cars before the Washington Auto Show opens to the public.

The Washington Auto Show officially opens to the public Friday, January 23 to Sunday, February 1.

WANADA visits Swiss Embassy to discuss technician training

Representatives of WANADA's Auto Dealer Education Institute's (ADEI) Technician Training program were recently invited to attend a workshop and reception hosted by Martin Dahinder, the newly appointed Ambassador to the U.S. from Switzerland, to discuss technical education and apprenticeship. Switzerland is the world leader in privately funded apprenticeship programs. Its 3.1 percent unemployment rate is largely attributed to the efficacy of its apprenticeship system in training workers to match the needs of employers.



Gathered at the Swiss Ambassador's residence in Washington (left to right): Joe Koch, WANADA; Martin Dahinder, Swiss Ambassador to the U.S.; Harold Redden, Fitzgerald Auto Malls; and Steve Boden, Montgomery County Public Schools.

The workshop format centered consisted of presentations and Q&A with a distinguished panel of experts, including Eric Seleznow, deputy assistant secretary, U.S. Department of Labor; Dan Leeds, president of the National Public Education Support Fund; Rene Steiner, president of North American Operations for Buhler Inc.; and a later remarks by Rep. Glenn Thompson (R-Penn.). Some of the panel had recently visited the Career & Technical Education Congress in Winterthur, Switzerland to learn about various technical education models from around the world and the leading Swiss system in particular.

The WANADA contingent to the Swiss ambassador's residence consisted of Harold Redden, the chairman of Auto Dealer Education Institute; Steve Boden, director of the Montgomery Automotive Trades Foundation; and Joe Koch, WANADA vice president of association operations.

The Swiss model matches up with WANADA's current ADEI Technician Development Program in using sponsoring businesses to provide on-the-job training, combined with simultaneous vocational education at no cost to the students.

"As the panel described the lessons learned from the CTE Congress, it was clear, by any measure, that WANADA's ADEI Technician Development Program is world class," said Redden. The ADEI Technician Development Program presently works to match students with WANADA member dealerships, providing qualified technicians to them for a small financial investment.

WANADA participates in MD Comptroller's forum on small business



Presiding over the Board of Revenue small business forum in Maryland, Nov. 20 in Annapolis (from the left) Eloise Foster, MD sec. of budget and management; Nancy Kopp, state treasurer; Peter Franchot, MD comptroller; and Andrew Schaufele, director of BRE.

In his role as chairman of the Board of Revenue (BRE), Maryland Comptroller Peter Franchot last week moderated a panel of business and industry representatives in Annapolis “to take the pulse of Maryland’s economy.” The reports from the four panels and 16 Maryland business representatives seemed more positive than the statistical information gathered from the BRE.

“The state’s total labor force is down, nearly 1%, in the first eight months of this year, whereas the labor force nationally has grown,” reported Comptroller Franchot at the outset of the forum. “Indeed, Maryland’s unemployment rate is worse than nationally for only the 3rd time in 30 years,” he said. Rounding out the grim picture, Franchot said that growth of personal income for Marylanders is 1.5% below the nation, while wage growth for Marylanders is 3% behind the U.S.

The four panels, who filled time slots comprising the half day allotted for the forum, consisted of representatives from the banking and financial sector; consumer/retail sector; realtors; and manufacturing/distribution.

The business spokespersons at the forum were, for the most part, optimistic about their future and that of Maryland’s. Recurring points, however, were that Maryland could be less regulated - since regulations cost businesses money. Correspondingly, there could be more favorable tax treatment for everybody. The “Rain Tax” was referenced by a number of panelists as an over-the-top example of the problem. If Maryland is truly concerned about the economic lag-behind of Maryland citizens, mentioned by the Comptroller at the beginning of the forum, panelists suggested that the answer is what it has always been, namely, fashion a state government that is more business friendly since a profitable business community will be the “tide upon which all boats rise.”

Besides WANADA representing auto dealer retailers, Maryland retailers generally were in attendance, as were restaurateurs, well known financial service providers, successful realtor professionals and manufacturing/distribution concerns.

“The automobile business is a bright spot on the economy that led the way out of the recession and is set, perhaps, to post record vehicle sales this year,” said Gerard Murphy who spoke for WANADA at the forum. “Despite that, Maryland has to be careful not to be perceived as anti-business or it will hurt the state.”

Tesla approved to open retail outlet in VA, off Leesburg Pike

Tesla has been approved to open its own new vehicle retail facility, without a dealer, at a property off Leesburg Pike in Tysons Corner by next March.

In fulfillment of an arrangement worked out a year ago with the Virginia Department of Motor Vehicles, with VADA's involvement, this direct-sale outlet will be the only one Tesla is permitted to operate in the Commonwealth. The Fairfax County Board of Supervisors approved the developer's application for the store.

Many of the dealerships that had been in Tysons for decades have moved out to Chantilly Auto Park, as the opening of the Silver Line has caused property values along Leesburg Pike to skyrocket. The Tesla outlet will be near the Spring Hill station of the Silver Line.

Tesla has a small storefront on K Street in NW DC, where customers can look at the models on display but cannot buy cars.

NADA forecasts 2015 sales of 16.9 million

NADA forecasts that new light-vehicle sales and leases in the U.S. will reach 16.94 million next year before leveling off to the mid-16 million range in 2016 to 2018.

"Rising unemployment and wages, continued low interest rates and lower gasoline prices all signal an increase in new light-vehicle sales in 2015," NADA Chief Economist Steve Szakaly said. Substantially reaching 17 million, however, will return the industry to its high water mark from 2000-2001.

For auto sales to move past 17 million, automakers would need to add more aggressive incentives and millennials would need to buy a lot more cars than they have in the past two years, Szakaly said.

NADA's forecast depends partly on continued low interest rates. Szakaly expects the Federal Reserve to raise rates next year, but only by a small amount. Auto sales should also be helped by anticipated low inflation and low oil and gasoline prices.

Szakaly is sticking with his 16.4 million forecast from earlier this year as he anticipates a healthy finish for sales. GDP will grow at 2.1 percent in 2014, with inflation remaining well-heeled as the year ends, he said.

CFPB method to find race bias in auto loans is found to be flawed

The method used by the Consumer Financial Protection Bureau to assess racial bias in auto loans is flawed, according to a new report from the American Financial Services Association.

"A focus on portfolio-wide measurement of disparities with respect to dealer reserve, with no consideration for economic factors that might influence dealer reserve, ignores realities of the market," the report says.

The study finds no evidence that dealers systematically charge different reserves based on race and ethnicity. The findings are these:



The study found little evidence that dealers systematically charge different dealer reserves based on race and ethnicity.

First, the CFPB's method of identifying consumers' racial and ethnic background was flawed and often came up with the wrong answer. That means the CFPB dramatically overestimated the differences paid by different ethnic groups.

Second, the method failed to account for numerous factors unrelated to the consumer's background that affect the amount consumers paid for dealer reserve.

Third, examining differences in dealer reserve at the portfolio level is meaningless because doing so fails to account for legitimate reasons for pricing differences at the retail level.

NADA endorsed the study. "This study shows that the CFPB's attempt to upend the auto lending process is insufficiently informed and the victim of flawed assumptions and inadequate peer review," said NADA President Peter Welch.

NADA is pushing a bipartisan bill, H.R. 5403, that would rescind the CFPB's 2013 auto loan guidance. The bill so far has 135 cosponsors.

Many consumers willing to receive text messages from dealership

Over the past three years, nearly 40 percent of consumers said they would be interested in communicating with their dealership via text message during the shopping process, according to a new study by Morpace Omnibus.

"Text messaging is an opportunity for dealerships to connect with their customers, before and after vehicle purchase, in a convenient and cost-effective way," Morpace said.

An even higher percentage – just under half – say they are interested in receiving text messages from the dealership with service information on their vehicle, such as service updates and recall notices.

Bill Ford extols future of driverless cars, smart highways



Ford spoke about how global gridlock would stifle economic growth.

In a speech in Dubai, Saudi Arabia, Ford Motor Co. executive chairman Bill Ford said the auto industry urgently needs to address the problem of too many cars bringing global gridlock. Massive traffic jams will be a growing problem, but "the bigger issue is how global gridlock will stifle economic growth," Ford said.

Ford's solution to the problem of too many cars: Smart cars, smart parking, smart public transportation systems, and an effort to connect everyone using wireless telecommunications.

"To keep traffic moving, we need an integrated transportation network that uses real time data to optimize personal mobility on a massive scale," Ford said. "The

potential benefits from vehicle-to-vehicle and vehicle-to-infrastructure connectivity are tremendous as the automobile becomes better integrated into the broader transportation system."

The definition of car ownership will also change as more on-demand transportation networks are built in congested urban environments, said Ford. And autonomous driving will be important in helping to reduce traffic delays and improve road safety.

Kiplinger's list of 10 best all-wheel-drive vehicles

Washington is no Buffalo, but winter is coming, whether we like it or not. So being able to tell customers that a vehicle on your lot is among Kiplinger's top picks for all-wheel-drive vehicles could be a useful marketing tool.

The publication group chose the MY 2015 vehicles based on resale value, fuel economy, safety and other factors. The winners, from smallest to largest: Subaru Impreza, BMW 3 series, Ford Fusion, Lexus GS, Subaru Forester, Mazda CX-5, Mercedes M-Class, Jeep Grand Cherokee, Acura MDX and Ford Explorer.

Thought for the Week...

People have criticized me because my security detail is bigger than the president's. But ask yourself: Are there more people who want to kill me than the president? I assure you, there are.

-- Marrison Barry
"Mayor for Life" in DC
Dead, at age 78, Nov. 23
1936 - 2014



WASHINGTON AREA NEW AUTOMOBILE DEALERS ASSOCIATION