

THE WANADA BULLETIN

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

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Staying Ahead...

Last call for WANADA Annual Lunch, Dec. 8

The makings of a great event in the offing!



Laura Ingraham will keynote WANADA's Annual Meeting.

The WANADA Annual Meeting and Luncheon is upon us: next Tuesday, December 8, at the Ritz/Tysons Corner. And this year promises to be exceptional with a splendid keynote speaker, renowned political commentator and popular talk radio host Laura Ingraham. Her program, *The Laura Ingraham Show*, is ranked in radio's Top 5, putting her in demand from all sides of the political spectrum. She is also a guest host for *The O'Reilly Factor* on Fox News and a contributor on ABC's Sunday show, *This Week with George Stephanopoulos*. With her insider perspective, Ingraham is sure to offer incisive commentary on the world at large, and, of course, the 2016 presidential election.

Ingraham has authored several books, including *New York Times* best sellers *Of Thee I Zing* and the earlier *Obama Diaries*. In her former life, Ingraham practiced law after graduating from UVA and clerking for the U.S. Supreme Court.

Additionally, is the second-to-none networking opportunity the Annual Lunch provides for dealer members with peers, community and industry leaders, along with an informative, state-of-the-business report from WANADA leadership.

Questions may be directed to Kathy Teich in the WANADA office at kt@wanada.org or (202) 237-7200. WANADA also wishes to express appreciation from its dealer membership to Kindred-line members Corky Crovato, BG Products and Services, and Gordon Smith of SunTrust Bank for their generous sponsorship of this year's Annual Lunch.

Finalists chosen for 2016 Green SUV, to be revealed at WAS

The *Green Car Journal* has announced its five finalists for the prestigious 2016 Green SUV of the Year award, to be presented at the 2016 Washington Auto Show. They are the BMW X1 xDrive28i, Honda RH-V, Hyundai Tucson, Mazda CX-3 and Toyota RAV4 Hybrid.

“After years of focus on building more efficient and environmentally positive sedans and hatchbacks, a growing emphasis is now being placed on SUVs and crossover vehicles, one of the hottest segments in the auto market,” said Ron Cogan, editor and publisher of *Green Car Journal* and CarsOfChange.com. “The Green SUV of the Year award recognizes this achievement.”



The 2016 Hyundai Tucson is a finalist for 2016 Green SUV of the Year, with the winner to be announced at The Washington Auto Show.

The winner will be announced along with the winning vehicles for the magazine’s 2016 Luxury Green Car of the Year and 2016 Connected Green Car of the Year awards at a press conference during The Washington Auto Show’s Public Policy Days on January 21. The BMW i8 won the 2015 Luxury Green Car, and the Jeep Grand Cherokee EcoDiesel won the 2015 Green SUV award. The Connected Green Car of the Year, a new award, recognizes the vehicle that best integrates the advantages of connected technologies with environmental performance.

“As the strategic cross roads where the auto industry meets public policy, The Washington Auto Show recognizes the critical role of sustainability and our role in promoting progress,” said Geoff Pohanka, chairman of The Washington Auto Show. “Partnering with *Green Car Journal* galvanizes those issues and brings them front and center.”



Jobe, with his wife Lisa, received top honors from the California Club in recognition of the historical values of his 1966 convertible Corvette.

Capitol Cadillac’s Daniel Jobe takes top prize in historic car exhibit

Daniel Jobe of Capitol Cadillac won first place in the California Club’s annual historic car exhibition with his 1966 convertible Corvette. More than 20 vehicles were entered. Jobe’s Corvette edged out a Rolls Royce -- once owned by the legendary Howard Hughes -- a 1955 Gull Wing Mercedes and a 1924 Cadillac. Congratulations to Daniel Jobe for this distinguished award!

Northwood starts Auto Industry Executive MBA in fall 2016

Northwood University in Midland, Mich., will offer a Motor Vehicle Industry Executive MBA program starting in the fall of 2016. It was designed with the career demands of emerging and established leaders at all levels of the auto industry in mind.

The fully accredited Executive MBA program at Northwood is delivered in a blended format, targeting the working industry professional, with both on-site and online classes. The online component is coupled with six one-week, on-site residencies over the 30-month duration of the program. The industry-specific Executive MBA program consists of interactive online and collaborative classroom learning, enabling industry professionals to incorporate it into their busy schedules.



Northwood's Executive MBA program offers a blend of online and classroom learning. Photo by Erik Badger, [Creative Commons](#).

The program, developed in consultation with key industry leaders, uses a problem-based learning method that empowers students to immediately apply their expanded knowledge to their businesses. With 36 credit hours over 30 months, the program offers interactive case studies, industry-specific cases, leading industry guest speakers and an individual capstone project, where all students participate in a system-wide MBA simulation event. Among the classes offered are financial reporting, corporate financial decision making, and motor vehicle corporate and organization strategy.

For more information about the Motor Vehicle Industry Executive MBA, contact Rachelle Butts at (734) 320-8805 or buttsr@northwood.edu.

November sales set pace for record year

November, normally a modest month for auto sales, exceeded analysts' expectations of flat or modest gains. Most automakers saw sales gains in the range of 0.3 percent (Ford) to 3.8 percent (Nissan Motor Co.). November is expected to be the third month running with a seasonally adjusted annual sales rate (SAAR) above 18 million – a record.

“The auto industry is on track to exceed 2015 expectations,” said Bill Fay, group vice president and general manager of Toyota Division. LMC Automotive's Jeff Schuster said that November sales put the industry on track to set a 15-year record for the year.

Sales of crossovers and light trucks are as strong as ever, as gas prices fall below \$2.00 in much of the country. “The phenomenal growth of crossovers in a record-setting market is the biggest sales story of 2015,” said Kurt McNeil, GM's U.S. vice president of sales.

One driver of the strong sales is hefty incentives, which were 6 percent higher than in November 2014, according to TrueCar. That concerns some analysts, including Jonathan Banks, executive analyst at the Used Car Guide division of J.D. Power. “We're getting to 17 million, but at a cost,” he said at the recent National Remarketing Conference, according to WardsAuto. Lease incentives are especially high, which Banks says is a problem for mainstream brands, such as Ford and Toyota.

Average transaction prices rose in November, but just 0.7 percent from a year ago, said Kelley Blue Book – a change from the recent rate of 2 to 3 percent.

Quiet car rule delayed until spring for EVs, hybrids

A federal regulation that would require hybrids and electric vehicles to make a standard beeping sound at low speeds to warn sight-impaired pedestrians has been delayed until March. Congress originally set the deadline for November 2015, but NHTSA said it couldn't meet that timetable.

Although some EVs, such as the Nissan Leaf, currently make a warning sound at low speeds, NHTSA wants a standard sound that would be easily recognized. It will set a minimum speed for the sound; reports have suggested it would be 18 mph.



Eventually, all EVs and hybrids will make a warning sound at low speeds, as the Nissan Leaf does now, for sight-impaired pedestrians.

NHTSA has estimated the rule will cost the industry \$23 million in the first year. The main cost will be from adding an external, waterproof speaker to the car that could broadcast the sound in all weather. Automakers have said they support the principle, though they have quibbled about specifics such as the speed requirement.

If the rule went into place next spring, the requirements would kick-in 18 months later, at the start of the 2018 model year. If put into place today, the rule would affect less than 5 percent of vehicles. But the number of EVs and hybrids is expected to grow quickly as the 2025 deadline for more stringent fuel economy approaches.

Traffic deaths up 8% in 2015 after dropping last year

Traffic deaths rose by 8.1 percent in the first six months of 2015 after dropping slightly last year. Transportation Secretary Anthony Foxx called the numbers “a call to action,” and NHTSA Administrator Mark Rosekind said the increase was “unacceptable.” NHTSA experts did say that partial-year estimates are more volatile and subject to revision, but the estimated increase represents a troubling departure from a general downward trend.

“It is time as a nation to reinvigorate the fight against drunk and drugged driving, distraction and other risks that kill thousands every year,” said Rosekind. The widespread use of cellphones while driving is one possible factor, and Rosekind called on states to enact and expand laws banning use of a hand-held phone while driving. Distracted driving accounted for 10 percent of traffic deaths in 2014. He also noted that the increase in jobs and decrease in fuel prices could have led to more young people driving, which can contribute to more deaths on the road.

Consumers could see trade-in values drop under recall proposal

Many consumers could see the value of their trade-ins drop by an average of \$1,210 – and by as much as \$5,713 – if dealers were prohibited from selling any vehicles with open recalls. That’s the principal finding of a J.D. Power study commissioned by NADA. Congressional legislation proposed by Sen. Richard Blumenthal (D-Conn.), would require auto dealers to repair all outstanding safety recalls before selling or leasing any used passenger vehicles.

The J.D. Power analysis looked at the cost of financing the vehicle bought from the consumer, the cost of storing and insuring it, and depreciation costs. Costs are higher for out-of-brand trade-ins, which need to be transported to an in-brand dealer for repair.

Dealers would not know in advance how long a recall delay would last and so must estimate it, the report said. "Assuming a repair delay that is shorter than the actual repair delay is a risky proposition for a dealer, and thus they are more likely to act as if they believe the range of repair delays will be on the high end of the range of repair delays observed in the past for recalls of similar scale and complexity," said Jonathan Banks, executive analyst at the Used Car Guide division of J.D. Power and the report's lead author. "In a hypothetical situation, a lack of clear information could reduce the trade-in value offered to a consumer by hundreds of dollars if a trade-in manager were to overestimate a 30-day recall delay by an additional 30 days."

Millennials *do too* love their cars!

Another myth about millennials is shot down: A new study from Strategic Vision, the Customer Love Index (CLI), shows that young buyers *love their cars* more than many suggest.

Even though millennials are more likely to buy mass-market vehicles designed to maximize value rather than enjoyment, they give their car an average CLI score of 470, compared with the score of 400 given by other buyers.

Strategic Vision President Alexander Edwards explains what the company means by *customer love*: "Creating a product that customers can love will allow buyers to spend significantly more money because it has the right balance of styling, innovation, performance and environmental friendliness."

The CLI scores created a winner in each of 29 segments, plus best full-line corporation (Volkswagen, before the emissions scandal). The Porsche Macan got the highest score of any model.

Staying Ahead...

Success consists of going from failure to failure without loss of enthusiasm.

--Winston Churchill