

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)

WANADA Bulletin # 12 -18

March 29, 2018

Headlines...

Questions after autonomous Volvo kills pedestrian in Arizona
Federal budget has \$100 million for AV research, testing
Top Gun graduate teaches combat leadership lessons to WANADA members
Buyers say they spend too much time in the dealership
Senators berate automakers on slow rate of airbag repair
Ceres, auto suppliers support strong emissions standards
Walmart to put car-buying service in 250 stores
Car owners paying 26 cents more for gas than last March
Correction! Mont. Co. law sick leave law pre-empts MD law
Staying Ahead...

Questions after autonomous Volvo kills pedestrian in Arizona



Uber was using the Volvo XC90 in autonomous mode when it struck and killed a pedestrian.

After a pedestrian was killed recently by an autonomous 2017 Volvo XC90 operated by Uber in Tempe, Arizona, new questions have arisen about the safety of autonomous vehicles (AVs) and whether they are ready to drive on public roads. Perhaps the central question: Will it happen again? Other questions are these: Will the fatal accident slow down AV development, or will safety advocates push harder for more stringent

regulations? How much is the vehicles' development likely to be slowed?

The case is not clearcut. Certainly the pedestrian should not have stepped off a dark median strip in the middle of the block at 10 p.m. But a video shows that the person in the Volvo's driver's seat as a backup was distracted just before the fatal crash. It is worrisome that the SUV, which was driving around 40 mph, did not try to swerve or slow down even slightly.

Local authorities are still investigating, as are teams sent by the National Highway Traffic Safety Administration (NHTSA) and the National Transportation Safety Board (NTSB). Advocates of stronger regulations of AVs point to Arizona's hands-off approach and say the fatality shows that tighter rules are needed.

The Trump administration has not shown as much interest in AVs as the NHTSA administrator under President Obama, Mark Rosekind, who continues to advocate for AVs as a way to cut

down on the 40,000 highway deaths a year. In Congress, the House has passed a bill exempting AVs from some of the safety regulations that now apply to all vehicles, such as the presence of a steering wheel and brakes. A similar bill passed a Senate committee, but has not yet gone before the full Senate. Both bills pre-empt state laws, but do not affect state law franchise protections for dealers, thanks to NADA.

In response to the Arizona accident, Uber has temporarily suspended AV deployment in all five cities where the company had AVs in North America – Pittsburgh, Phoenix, San Francisco and Toronto. Toyota has also suspended tests of AVs on public roads.

Federal budget has \$100 million for AV research, testing

The budget passed by Congress and signed by the president last week includes \$100 million for research on and testing of autonomous vehicles. A partial breakdown:

- \$60 million for grants “to fund demonstration projects that test the feasibility and safety” of AVs.
- \$38 million for research, including on cybersecurity. Research will focus on areas not covered by privately funded research, with an emphasis on safety aspects.
- \$1.5 million for research on how the increasing use of AVs will affect employment, including projected job losses among truck, taxi and other commercial drivers. The safety of autonomous commercial vehicles will also be studied.

The money will go to state and local governments and academic institutions, not to private companies.

Top Gun graduate teaches combat leadership lessons to WANADA members



USMC Officer David Berke spoke to WANADA members about how combat leadership principles can be used in business leadership.

At a recent WANADA workshop, a U.S. Marine Corps officer and combat veteran related the lessons of battle field leadership to business leadership.

The workshop was led by David Berke, the USMC officer serving at the Office of the Joint Chiefs of Staff in the Pentagon. As an F/A-18 pilot, he deployed twice to Iraq and Afghanistan and also spent three years as an Instructor Pilot at Top Gun Academy. He earned his Master's degree in International Public Policy from the Johns Hopkins School of Advanced International Studies and is currently studying Business Administration at the Johns Hopkins Carey Business School.

In his presentation to WANADA members, “Extreme Ownership,” Berke discussed the four battle-proven rules of leadership and how they can be used in business and life. **First** is Cover and Move, which highlights the importance of teamwork and relationships. If the team fails, everyone fails. **Second** is Simplicity. Communication should be simple, clear and concise. It is important to simplify the mission so everyone understands and agrees on the goal. If people don't understand the mission, they can't execute it.

Third is Prioritize and Execute. Leaders should relax, look around and make the call. They need to recognize, analyze and react, and to detach themselves from the situation. **Fourth** is a Decentralized Command. Everyone on the team is a leader and should be able to explain the commander's intent. Leaders should not wait for orders; they should lead. Everyone needs to understand the reasons for the mission and the methods of executing it.

Thanks to WANADA Kindred-line member Kyle Wannemacher, president of MIDAS (Mid-Atlantic Insurance and Dealer-Added Services), for sponsoring the well-received program.

Buyers say they spend too much time in the dealership

Car buyers who shopped online spent 60 percent of their time there, according to a survey of more than 2,000 car buyers that was commissioned by Cox Automotive through *IHS Markit*. Perhaps not surprisingly, more than three-quarters of car buyers said they use third-party sites like Autotrader and Kelley Blue Book. (Cox owns Kelley Blue Book.)

As for the in-dealership experience, the typical car buyer in the U.S. spends more than three hours in the dealership. Half of those buyers say that's too long. For nearly 40 minutes of that time, they are sitting idle – time when some buyers might start to rethink the deal...



Car buyers said working with salespeople was the most satisfying part of the purchase process.

Nearly two-thirds of shoppers said the financing and paperwork took longer than they expected. The test drive and interaction with salespeople were the most satisfying parts of the process, at 77 percent and 73 percent, respectively.

Nearly 1 in 4 buyers were not aware of F&I products before going to the dealership. Searching for vehicles and researching trade-in values and incentives are the leading digital retailing activities. Buyers doing these activities online spent less time at the dealership and had a more enjoyable experience.

The number of buyers visiting multiple dealerships has been declining, 59 percent in 2018, down from 88 percent in 2016. Buyers also reported being less satisfied with the price they paid for their vehicle, and less often trusted that the dealership gave them the best deal.

For more information about the study, click [here](#).

Senators berate automakers on slow rate of airbag repair

Several U.S. senators chided automakers at a committee hearing Capitol Hill last week for the slow repair rate of recalled vehicles with defective airbag inflators.

The pace has improved, said John Buretta, the independent monitor managing the Coordinated Remedy Program of the National Highway Traffic Safety Administration (NHTSA). But several

senators are still dissatisfied. Sen. Richard Blumenthal (D-CT) spoke of the “deadly delays” that have plagued the recall.

NHTSA still has an acting administrator, Heidi King, who told the panel, “the challenge is unprecedented,” but said some automakers are doing better. Regulators have encouraged automakers to use a variety of methods to reach vehicle owners, including social media and door-to-door visits.

Honda’s recall repair rate for the airbags is 72 percent, Toyota’s is 61 percent, and Fiat/Chrysler’s is 41 percent. NHTSA says that less than half of recalled airbags have been replaced.

Ceres, auto suppliers support strong emissions standards

Two business groups have called on the Environmental Protection Agency (EPA) to stick with the current schedule for tightening national emissions standards, which would require each automaker to average 54.5 mpg for its fleet by 2025. One group, the Ceres BICEP (Business for Innovative Climate and Energy Policy), includes a variety of businesses, such as Adobe, Gap, General Mills and Nike. The other, CALSTART, is a national group representing suppliers in the clean transportation technology industry.

But the Trump administration has shown itself to be much more receptive to the arguments of the auto industry. Major automakers met with President Trump soon after his inauguration, asking him to reopen the midterm review of the emissions standards that had been approved by the Obama administration. He did, and EPA Administrator Scott Pruitt has an April 1, 2018 deadline to announce his decision on the schedule for the emissions rules.

Walmart to put car-buying service in 250 stores

Walmart plans to expand its CarSaver service to 250 Walmart stores, reported *Automotive News*. The car-buying program began last year in 14 stores, partnering with dealerships.

Buyers who enroll in the CarSaver service can buy or lease a new or used car and get financing and insurance for it, along with a lifetime warranty that covers major repairs for as long as the buyer owns it. Buyers first look for a car at www.carsaver.com and then are connected with an express manager, who arranges for a test drive at a local dealership. Walmart soon plans to offer consumers a way to sell their vehicle by letting dealerships it certifies bid on it.



Walmart’s car-buying service has special requirements for participating dealerships. Photo by Random Retail.

Walmart has special requirements for participating dealerships. The dealerships must agree to Walmart’s prearranged “low pricing” for each vehicle. Each store must have a specially designated program manager who is fluent in both English and Spanish. And the dealership must ensure a no-pressure, no-obligation buying process.

CarSaver Shopping Centers are currently operated in Walmart stores in Arizona, Florida and Oklahoma.

Car owners paying 26 cents more for gas than last March

Nationally, consumer gasoline demand is at the highest level on record for March, says the American Automobile Association (AAA), and the increased demand has pushed prices up.

“As demand strengthened, gasoline inventories declined, pushing the national gas price average to \$2.55 per gallon,” said Jeanette Casselano, American Automobile Association (AAA) spokeswoman. That price is 2 cents more than a month ago and 26 cents higher than this time last year.

DC is one of the nation’s top 10 most expensive markets, at \$2.76. Maryland prices are 5 cents more than a week ago, at \$2.62. Virginia’s price is substantially lower than the other two metro Washington jurisdictions at \$2.41.

Correction! Mont. Co. law sick leave law pre-empts MD law

Please note this correction to the March 20 *WANADA Bulletin* report on the new sick leave law in Maryland: Montgomery County’s sick leave law, which is more stringent than the new Maryland sick leave rules, takes precedence over the state law. That is because Montgomery County’s sick leave law was enacted before Jan. 1, 2017.

Staying Ahead...

Integrity is doing the right thing even when no one is watching.

--C.S. Lewis

