



# 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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## How will shutdown affect Washington area economy?

With President Trump saying the partial government shutdown could go on for months or years as Congress refuses to agree to funding for the president's desired border wall in exchange for reopening the government, prospects don't currently look good for a resolution. Given the large number of people in this region negatively impacted by the federal shutdown, what will this stalemate mean for the Washington-area economy and consumer buying behavior?

An estimated 145,000 federal workers in the Washington region are furloughed, according to Stephen Fuller, head of the Stephen S. Fuller Institute at George Mason University. If the situation is not resolved by this Friday, when these workers would normally receive their next paycheck, they will lose a combined \$15 million a day in pay, he estimated.

Members of Congress have indicated they will give federal workers back pay when they return to work. But federal contractors, and the businesses that depend on spending by federal workers, will likely not be paid for the lost time.

If the shutdown continues for two more weeks, it could possibly trigger a mild recession, mainly because of the uncertainty, Fuller [told WUSA-TV](#).

What the standoff means for auto dealers and regional motor vehicle sales remains to be seen. Assuming a relatively quick resolution, it could just mean a delay in auto sales and major repairs.

## Maryland, Virginia legislatures consider raising minimum wage

Both Maryland and Virginia are considering raising the minimum wage as each state's General Assembly starts its 2019 session this week.

Maryland Democrats have discussed a \$15 minimum wage for years. State Senate President Mike Miller, Jr. said it would pass this year, according to [The Washington Post](#). The state's minimum wage rose to \$10.10 last summer, the end of a gradual increase from \$7.25 starting in 2014.

Maryland Gov. Larry Hogan has not given support to either side of the debate, saying he wants to make sure people make as much money as they can to lift themselves out of poverty. But, he added, he doesn't want to harm small businesses or overall economic growth.

Virginia uses the federal minimum wage of \$7.25. Several bills have been filed by Democratic legislators that would raise the wage, including one requiring a \$15 minimum wage by 2023. Those bills face an uncertain future in the state's six-week legislative session, as Republicans hold a thin two-vote majority in both chambers of the General Assembly.

### **Save the date!**

## **All D.C., Md., and Va. dealers are invited to attend reception at NADA Show on Jan. 25**

All WANADA members and D.C., Maryland, and Virginia-based auto dealers are cordially invited to attend the WANADA/MADA/VADA Reception at the 2019 NADA Show, which is always a stellar event. It will be Friday, Jan. 25, from 6:30 to 8:30 p.m., at the beautiful Terra Gallery, 511 Harrison St., San Francisco, conveniently located near the convention center and NADA hotels.

WANADA, MADA, and VADA would like to thank the sponsors for the event: Gold sponsors SunTrust and TrueCar, along with supporters Armatus; Charapp & Weiss LLP; Chesapeake Petroleum; Cox Automotive; Doyle Construction; JM&A Group; Midas Corp.; Rifkin | Weiner | Livingston, LLC; and Vin Solutions.



## **Register now for MobilityTalks International**

MobilityTalks International, the industry-focused prelude to the 2019 Washington Auto Show, has been moved to early April this year. The two-day event will take place April 3 and 4 on Capitol Hill and at the Walter E. Washington Convention Center. The talks gather notable policymakers and industry leaders from around the world to discuss best practices related to the development and regulation of connected and autonomous vehicles.

Here's an advance look at a part of this year's programming. On Wednesday, April 3, a plenary lunch at 12 p.m. will feature these speakers:

- Heidi King, associate administrator, National Highway Traffic Safety Administration
- Peter Welch, president, National Automobile Dealers Association
- Ed Bradley, program manager, Toyota
- Jill Ingrassia, managing director of government relations, AAA

- Dr. Kay Stepper, director of the Regional Business Unit Driver Assistance and Automated Driving, Robert Bosch LLC

MobilityTalks International is generously sponsored by Motor & Equipment Manufacturers Association (MEMA); Rifkin | Weiner | Livingston, LLC; and *The Hill* newspaper.

Register for MobilityTalks International [here](#). For housing, book [here](#) to find accommodations within the official Washington Auto Show room block and receive negotiated rates at premier properties near the Walter E. Washington Convention Center, where the auto show and most MobilityTalks programming will be held.

## Two area politicians likely running for president

One area politician has announced he will seek the Democratic Party's nomination for president of the United States, and another seems likely to do so. They are both long shots, but if there's one thing the elections of Donald Trump and Barack Obama taught us, it's that nothing is impossible in American politics.

The declared candidate is John Delaney, a former U.S. representative from Maryland, whose district included parts of Montgomery County. The potential candidate from Virginia is Terry McAuliffe, who served as governor of the state from 2014 to 2018. McAuliffe recently published an opinion piece in [The Washington Post](#) that read like a presidential candidate's position paper, although he has not yet publicly decided whether to run.

*Washington Post* writer Robert McCartney called both men "centrist and pro-business," which is why he believes they are long shots to win a Democratic primary. WANADA has worked with both Delaney and McAuliffe over the years and know them both to be good men!

## U.S. new-vehicle sales beat expectations; likely lower in 2019

Analysts were somewhat surprised by 2018's modest sales gains, as the year finished at 17.2 million new-vehicle sales nationwide, up 0.5 percent from 2017. December's SAAR was 17.51 million, up 1.5 percent from December 2017.

Auto sales were helped by low interest rates and the continuing effects of the 2017 tax cuts, which helped drive fleet sales.

Light truck sales, including SUVs and crossovers, reached a record percentage of light-vehicle sales, at 69.2 percent, thanks to low gas prices, while cars had their lowest share ever. Those trends are increasing even in the Washington area, where buyers have long preferred cars to trucks. The latest Washington area auto sales report from R.L. Polk, [which WANADA members may access as a member benefit](#), showed a light truck market share of 60.3 percent through September 2018.

The estimated average transaction price for light-duty vehicles was \$37,577 in December, said Kelley Blue Book. New-vehicle prices increased 1.3 percent from December 2017.

Higher transaction prices are good news for dealers. But some analysts are worried vehicle prices will become so high that buyers will be pushed towards used vehicles, or priced out of the market completely.

Another worry about 2019: is that higher interest rates and lower incentives could dampen sales. NADA Senior Economist Patrick Manzi, who forecasts 16.8 million new-vehicle sales this year, also says an increasing supply of late-model used vehicles will put pressure on new-vehicle sales.

## Creating a culture of coaching in the dealership

Dealership managers who want to hone their management styles and establish a culture of coaching in all areas of the business will soon be able to participate in a new NADA Academy training program. “Coaching to Accelerate Performance and Profits in Dealer Groups” will be taught by NADA Academy instructor Mike Fullam.

Coaching is developing employees and tapping into their potential to achieve maximum results for themselves, the dealer and the dealership, Fullam says. A recent article in *Inc.* magazine cited a study that said 64 percent of respondents felt they were not getting the coaching support they needed to succeed in their jobs. And dealers are well aware of the high rate – and high costs – of turnover in the retail auto industry.

Fullam offers a few pointers to get started:

- Build a relationship of trust;
- Set clear expectations;
- Collaborate to develop meaningful goals;
- Provide excellent and actionable feedback; and
- Always have your employees’ backs.

## #WomenInAutomotive video contest offers prizes

NADA wants to spread the word about the great opportunities for women in automotive retail. It’s asking women in the automobile business to share a short video talking about their experience, to encourage other women to consider pursuing automotive careers.

Women currently represent just 19 percent of U.S. dealership personnel. There are plenty of good opportunities in the field, but many women just aren’t aware of them.

If you’re a woman, or you know a woman in the business, you or a friend can share a video publicly on Facebook, Instagram, LinkedIn or Twitter and include the hashtag #WomenInAutomotive. Participants have the chance to win one of nine \$500 gift cards or the grand prize, admission to NADA’s new Professional Series and a \$1,000 gift card.

Winners will be announced on the [NADA blog](#) during the NADA Show in San Francisco, which will be held Jan. 24-27, 2019. All videos must be posted before Jan. 24 to be eligible.

### Staying Ahead...

Nearly all men can stand adversity, but if you want to test a man's character, give him power.

--Abraham Lincoln

