



# THE WANADA BULLETIN

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

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## Watch for these FTC dealer hot button issues

Although much has been made of the Trump administration's efforts to cull regulatory enforcement across the government, there have been exceptions. The U.S. Consumer Financial Protection Bureau has cut back substantially on regulation of the automobile business, but the Federal Trade Commission (FTC) has increased its scrutiny of dealers.

Three auto advertising areas where the FTC has been active in dealer compliance are with Truth in Lending, bait and switch, and internet advertising:

- *Noncompliance with the Truth in Lending Act (TILA) and Consumer Leasing Act (CLA).*  
The rules are simple: Use of a trigger term requires follow-up disclosures. Dealership personnel and the advertising agency must understand and apply the rules of advertising under these laws.
- *Bait and switch.*  
The FTC expects advertised auto prices and offers to be available to all consumers unless the limitations are disclosed. If limitations make a price or offer unavailable to all, the ad must clearly disclose the terms the customer must meet to get the advertised benefits.
- *Internet advertising.*  
Internet offers are advertising and must comply with advertising laws and regulations. Most FTC advertising cases in the past decade have involved internet advertising offers.

Two other auto dealer areas where the FTC has been active:

### *Recall marketing*

The FTC let dealers know last year that the only document that should be delivered to customers about recalls is the one that NHTSA requires automakers to send. Marketing campaigns built around recalls are inherently suspect. Dealers must take great care and seek legal advice when considering such marketing campaigns.

### *Misstatement of customer income*

The FTC has indicated it will concentrate on misrepresentations that lead to consumer credit defaults. One of the most serious is overstatement of consumer income. Optimally, a dealer should get a handwritten credit application showing the customer's income in the customer's own writing and save the credit application in the deal file.

*This article is for information only and does not constitute legal advice. Thanks to WANADA Kindred-line member Michael Charapp, Charapp & Weiss LLP, for contributing this information.*

## Fed. Gov't shutdown's effect on business in metro Washington

As has been widely noted, the partial federal government shut down that ended (or was at least put on hold for three weeks) has had a ripple effect. Those hit hardest might be the private sector contractors, who will not receive backpay now that the government has been re-opened. Those people may decide to put off an optional car purchase or repair for some time. The same is true for owners and employees of many local businesses in the Washington area, such as restaurants and even downtown parking garages, who suffered through five weeks of slower-than-normal business due to the shutdown.

When *Automotive News* picked up the story on metropolitan Washington, it naturally contacted WANADA for comment. Click [here](#) to see comments by WANADA Chairman John Bowis, WANADA CEO John O'Donnell, and other area dealers.

The effects of the shutdown also rippled out to the broader auto industry. At the Detroit Auto Show which opened last week, Ford Motor Company Executive Chairman Bill Ford, Jr. told the [Detroit News](#) that uncertainty in Washington is bad for business. For example, some new-vehicle launches might be delayed because all new models must pass EPA inspection before they are available for sale, and no one has been available at the EPA to certify them, [Automotive News](#) reported.

Only time and lagging economic indicators will tell what the full damage of this shutdown was, and how much of it can be made up in the future. But with the current funding bill only lasting until Feb. 15, there is a real chance the region will have to prepare for this fight to happen all over again very shortly.

## WANADA team visits Detroit Auto Show



The 2020 Telluride is Kia's hot, new SUV.

Representing WANADA, was its chairman John Bowis, Chevy Chase Acura; John O'Donnell, WANADA CEO; Joe Koch, vice president, association operations; Chris Hosford, director of communications, Washington Auto Show; Bob

Always working to meet OEMs and auto show counterparts in other cities, a team of WANADA leaders traveled to the Detroit Auto Show – officially known as the North American International Auto Show – to do just that. WANADA reps met with personnel from Chrysler, Ford, Hyundai, Nissan, Subaru, Toyota, NADA, the state of Michigan, and J.D. Power, among others, in Detroit.



GAC Motor GM6 from China.

Storin, vice president of marketing, Washington Auto Show; and Bob Yoffe, exposition director, Washington Auto Show.

If The Washington Auto Show is the Public Policy Show, and about the latest technology innovations, then the Detroit Auto Show this year is about *horsepower*. With gas prices low nationwide and several automakers drastically downsizing their passenger cars, trucks and SUVs-- like the Ford Explorer, Cadillac XT6, and Kia Telluride-- were the star attractions.

## Yes, it's true: Auto shows do sell cars, in January or in April

Dealers who have been in the Washington area for some time are aware that, in years past, The Washington Auto Show would be going on right now. This year, however, Washington's Auto Show has moved to early April, 2019 with the show set to open to the public [April 5-14](#), preceded by [MobilityTalks International](#) rolling out for the industry on April 3 and 4. No matter when the auto show is, a new study finds that auto shows *do* help sell cars.

Foresight Research found that two out of three auto show attendees were in the market to buy a new vehicle in the next year. And 56 percent of all buyers in MY 2017 who attended an auto show were influenced in their purchase decision by that show. An auto show's influence on those who did a ride-and-drive at the show was even higher.

Auto show attendance increased dramatically from 2009 to 2015 as Millennials returned to the new-car market. Millennials often attend auto shows to shop for their new vehicle. Since 2016 attendance has leveled off, as have auto sales.

Next year, The Washington Auto Show will return to its late January time slot, and the Detroit Auto Show will move permanently from January to June. That means The Washington Auto Show, recognized in the industry as the Public Policy Show, will also become the first major auto show of the year. The continued success of MobilityTalks International also gives The Washington Auto Show a unique, forward-looking slant.

## Automakers push for national fuel economy standards; EPA nominee backs 50-state solution

The unresolved standoff between the Trump administration and California over fuel economy standards was in the news again recently. The outcome will affect auto dealers nationwide, especially those in the 20 states – including Maryland and Virginia – that have said they will sue the Trump administration if it goes ahead with its plan to freeze Obama-era fuel economy standards at 2020 levels through 2025.

The feds have said they could prevent California from creating its own standards, as it has done since the California waiver was passed under a Clean Air Act amendment in 1970. The group of 20 states say withdrawing the California waiver would be illegal.

The auto industry wants a single national standard, also known as the 50-state solution. So does Acting EPA Administrator Andrew Wheeler, recently nominated by President Trump to be permanent administrator. Automakers have to plan years in advance and have already planned for Obama-era fuel economy standards. Right now, automakers say they simply want a resolution so they can plan with some degree of certainty, according to [Reuters](#).

The EPA has until March 31, 2019 to issue new rules for MY 2021; but with the government shutdown, the agency may not be able to meet that deadline.

Auto dealers, who are on the industry's front line, worry about affordability and whether the fuel-efficient vehicles, which will likely be more expensive, will sell. With the price of gas currently so low, buyers are flocking to SUVs and crossovers, not to fuel-efficient vehicles.

## **Cadillac decides dealers are better at selling cars than they are**

When Cadillac ended its Book by Cadillac car subscription program after less than two years, many dealers nodded knowingly. It was yet one more demonstration that dealers are the ones best positioned to sell and lease vehicles.

Consumers who subscribed to Book by Cadillac paid \$1,800 a month for the ability to change to a different model whenever they wanted. In its marketing, Cadillac emphasized the convenience of being able to switch models. But it was hard for Cadillac to manage the logistics at a national level, analysts told the [Wall Street Journal](#). For consumers, the price was high – much more than it would cost to lease a high-end Cadillac. And Cadillac didn't get as many subscribers as it had hoped.

So when Cadillac starts Book 2.0 in the next several months, dealers will be much more involved, company executives told [Automotive News](#). Stay tuned to find out just how.

### **In memoriam**

#### **Elwood Twiford, Founder, B&R Associates**

Longtime WANADA member and founder of B&R Associates and father of Bortie Twiford, Elwood "Bart" Twiford, 88, of The Villages, FL, died unexpectedly Sunday, Jan. 6. He grew up in Norfolk VA, and spent most of his adult life as an entrepreneur in the automotive industry in the Washington area.

He is survived by his wife, Barbara Sims Twiford, The Villages, FL; and children: Laura Harrington (Paul) Manning, SC; Lynne Dill (Pete), Woodbridge, VA; Bortie Twiford (Nancy), Laytonsville, MD; Howard (Karen), Milford, DE; Tom (Jen), Monrovia, MD. Bart also leaves 14 grandchildren and 8 great-grandchildren, along with his wife's children: Lori Donelson (Dave); Jacqueline Ruppert (Joe), and Geoffrey (Diana).

A memorial celebration was held on Jan. 20 at The Villages, FL.

Online condolences may be made at <https://beyersfuneralhome.com/>. In lieu of flowers, donations can be made to The Wildwood Soup Kitchen, PO Box 1762, Wildwood Street, Wildwood FL 34785 or at [Wildwoodsoupkitchen.org](http://Wildwoodsoupkitchen.org)

WANADA extends its sincerest sympathy to the Twiford family at this sad time.

### **Staying Ahead...**

No man will make a great leader who wants to do it all himself or get all the credit for doing it.

--Andrew Carnegie

