



OHIO DEALER

The official publication of the Ohio Independent Automobile Dealers Association

January/February 2016

page 8

**GPS Device
Compliance:
Think Consumer
Privacy & Disclosure**

page 15

**U.S. Auto Sales
Top Out In 2016**

page 16

**Advertising Tips to
Help You Move Your
Used Inventory**

page 19

**2016 OIADA Calendar
of Events**



This Year, Get the **BUYING POWER**

You Need

Let **NextGear Capital's** flexible lines of credit empower you to purchase the units you want from over 1,000 live and online auctions, in addition to other inventory sources nationwide.*

Visit nextgearcapital.com or call 855.372.2329 and make 2016 your most successful year yet!

NEXTGEAR
CAPITAL™

A COX AUTOMOTIVE BRAND

*Certain conditions apply. All rights reserved. For complete details, terms and conditions, please see your local NextGear Capital representative.

OHIO DEALER

The official publication of the Ohio Independent Automobile Dealers Association

January/February 2016



The magazine of the
**OHIO INDEPENDENT
AUTOMOBILE
DEALERS ASSOCIATION**
OHIADA.ORG

2040 Brice Road, Ste. 110
Reynoldsburg, OH 43068
T 614-863-5800 • F 614-863-5801



EXECUTIVE DIRECTOR | EDITOR
Wendy Rinehart

MAGAZINE COORDINATOR & AD SALES
Professional Mojo
info@professionalmojo.com

**PRODUCTION EDITOR,
COPY WRITING &
ADVERTISING SALES**
Professional Mojo
info@professionalmojo.com

OFFICE MANAGER
Missy Seymour

For more information about the OIADA topics
addressed in this issue or for additional copies
please contact OIADA, (614) 863-5800
Copyright 2016

IN THIS ISSUE

- | | |
|--|---|
| 2 From the Auction to Your Lot in 72 Hours: | 14 CFPB Fines CarHop for Credit Reporting |
| 4 Window Tint is a Violation | 15 U.S. Auto Sales Top Out In 2016, Dealer Association Economist Predicts |
| 5 3 Ways to Avoid Falling Flat with Today's Vehicle Buyers | 16 5 Advertising Tips to Help You Move Your Used Inventory |
| 6 Repos, Notices, and Bad Debt | 17 How to Reduce Employee Turnover |
| 7 Federal Warranty Laws on FTC's Radar | 18 Selling More Used Cars Than Ever Before |
| 8 GPS Device Compliance: Think Consumer Privacy & Disclosure | 19 Calendar of Events |
| 10 AG Shuts Down Auto Dismantler | 19 New and Renewed Members |
| 11 Wield Your Shield Correctly | 21 OIADA Preferred Partners |
| 12 What Auto Domain Extensions Mean for Dealers | |
| 14 Auction Listing | |

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR

Wendy Rinehart, OIADA
Reynoldsburg, OH | 614-863-5800

PAST CHAIRMAN

Dan Reel, Reel's Auto Sales, LLC
Orwell, OH | 440-437-5893

CHAIRMAN

Mark Meadows, Miracle Motor Mart
Columbus, OH | 614-437-0037

PRESIDENT

David Adkins, Wilmington Auto Sales, Inc
Wilmington, OH | 937-382-7714

VICE PRESIDENT

Lauren Bowden Thomas, Bowden Motors
Bellfontaine, OH | 937-593-0014

TREASURER

Scott Welch, Lock 20 Auto, LTD
Newcomerstown, OH | 740-498-8811

SECRETARY

Craig Leitwein, Gahanna Auto Sales
Gahanna, OH | 614-475-7148

BOARD MEMBERS

Jay North, Jay North, LLC
Springfield, OH | 937-325-3748

Robert Fahey, Fairdale Auto Sales
Cambridge, OH | 740-432-4185

Thomas Onesti, Car Port
Youngstown, OH | 330-726-2633

George Polce, Dealer Advantage, LLC
Dover, OH | 330-268-4724

Randy Shirk, Randy Shirk's Northpointe Auto
Toledo, OH | 419-729-2688

Thomas Smith, Smitty's Auto Sales
Greenfield, OH | 937-981-4317



From the Auction to Your Lot in 72 Hours:

How Expediting the Process from Acquisition to Retail-Ready Protects Profits in Good Times and Bad

BY SHANE O'DELL, SENIOR VICE PRESIDENT, MANHEIM VEHICLE SOLUTIONS

It's a simple concept. The sooner you get your cars on the lot, the sooner they're ready to sell. Easy enough. Buy, transport, recondition, take photos, create a description, upload to your website and third-party sites, put it on the lot. But what's soon? A week? Two weeks? How does 3 days (or less) sound? Because that's what you should be shooting for.

Consumer access to information and increased transparency about vehicle condition and costs over the past decade has compressed the buying cycle and caused dealer margins to contract, so it makes economic sense to likewise reduce the time it takes to for your vehicles take to get to market. Today, car shoppers make most of their buying decisions based on what they see online: 70% start off not knowing what they want when they first enter the market, but by the time they settle on a purchase decision, 72% buy the vehicle they have in mind when they visit the dealership.¹ The shopping process can be swift, and you need to be selling cars as quickly as the market demands. That means getting them in and out faster than in the past instead of holding out for more gross per vehicle, which often ends up leaving you with too many aged vehicles and increased holding costs. **Driving efficiency and speed into your operation on the front end is one of the biggest areas of opportunity to protect your profitability: acquire, inspect, recondition, merchandise and get the unit front-line ready to the customer as quickly as possible.**

Here's a reality check: progressive dealers

are already taking action in these areas to protect their margins. While it takes the average dealer seven to 10 days to complete recon work, the top 20% of dealers are doing it in less than three.² Similarly, the average number of days it takes online listings to be merchandised with photos and descriptions from the time a vehicle appears in a dealer's inventory? 12.5 days. Yet the top-performing 20% of dealers do it in 4 days.² Why is this increased speed important? **Because the data doesn't lie: how fast you get your inventory merchandised and online has a direct correlation to have fast that inventory moves, and in most cases, inventory turn equates to improved overall profits from vehicle sales.** An added bonus to these front-end efficiencies: better online shopping experiences for in-market car buyers, which directly influence vehicle selection and dealership preference.

Anecdotally comparing two like-dealers* with the activities described above, Dealer A gets listings online with photos (on the dealership website and Autotrader.com) within one day, while Dealer B takes 9-11 days, respectively. The result? The average number of days vehicles spend in Dealer A's inventory is 22 days, while Dealer B's vehicles linger an average of 35 days, almost two weeks longer than Dealer A! So you tell us: which dealer would you rather be?

Why Fix Something That Isn't Broken?

In some ways, today feels like the good old days. Consumer confidence is up. The job market has stabilized, financing is attrac-

tive. Demand for used cars is up and so are their prices. Manheim's Used Vehicle Value Index for the first quarter of 2015 reports wholesale used vehicle prices are up 1.3% from a year ago and 1.6% from the fourth quarter of 2014. Manheim also reports there are strong profit opportunities in the retail market.

But if you've been in this business for a while, you know it's cyclical. About every 10 years, the market dips. Right now, we're riding the crest of that cycle. Longer term, there are other factors, "market disrupters," that economists and demographers project are on the horizon that will significantly impact the automotive business, both in the wholesale and retail sectors:

- **Increased urbanization.** Nationwide, we are in the beginnings of a migration from rural to urban areas. Within that sector, there will be more U.S. households that won't own a car.³
- **Millennial shopping preferences.** By 2025, three-quarters of all cars will be purchased by Millennials. Right now, they are frustrated with their dealership experience and have a difficult time finding the best car deal, which they expect to be able to find online.
- **New transportation options are emerging.** From car-sharing and alternative ownership to ride-sharing, transportation and vehicle ownership is changing and will affect the way consumers buy, own and drive cars.

While dealerships may not immediately be feeling the effects of these trends, it won't be long before the automotive industry

as a whole will be experiencing increased pressure to innovate and evolve in order to maintain and grow revenue in the face of these impending changes. With the potential of fewer and more finicky car buyers in the market in the foreseeable future, the impetus is on dealers NOW to create front-end operational efficiencies and better car-buying experiences while times are good. Tighter, more streamlined operations has the potential to significantly protect profitability while improved dealership experiences for car shoppers may lead to these positive outcomes:

- 66% of consumers will be much more likely to buy from a dealership with their preferred experience⁴
- 77% will visit dealerships more often⁴
- 53% will buy a vehicle more often⁴

Prepare for Change: Shore Up Inefficiencies, Build Confidence, Sell More Cars

These market disruptors aren't spelling doom-and-gloom for the car industry. They are a wake-up call, however, to any car dealer who wants to be successful 5 years from now, and it's all about speeding up the vehicle ownership lifecycle to make it easier and more attractive for consumers to buy cars more often. Moreover, if you make some adjustments today while times are good, you've got more leverage to make adjustments without incurring a lot of damage. Here are seven ways to prepare your dealership for the future while creating front-end operational efficiencies today:

1 Use tools like vAuto's AuctionGenius to evaluate and buy vehicles that are in demand in your market. Look at the best inventory from a wide net of resources for quicker, more confident decisions.

2 Tweak your transportation model. Does it really make sense to wait two weeks for a transporter to load up his truck so you can save a few bucks? There are several tools available to you today that allow you to see what's in demand in your market and where you can most efficiently acquire those vehicles. Whether you narrow your buying radius or expand it, a major factor

in your decision-making should be getting that car to your dealership as quickly as possible. Consider centralizing with a trusted (and insured!) transportation provider that specializes in smaller loads and that can optimize loads with carriers for the best price and provide guaranteed prices, transportation routes and schedules. If you're a Manheim customer, check into solutions Ready Auto Transport and 1 Dispatch to find out who can transport your cars so you can get them to your dealership and ready to sell in a few days.

3 Take advantage of the efficiencies that online channels afford you, like simulcast auctions and online wholesale marketplaces. Online channels not only allow you to purchase vehicles without ever having to leave your dealership, but they also can expand your buying radius, giving you access to more vehicles that align with your vehicle selection strategy and inventory needs. Rely on condition reports to avoid problem vehicles, but if arbitration is a concern that is preventing you from embracing online channels, consider wholesale vehicle purchase protection programs from companies like DealShield. When acquiring vehicles from further distances that may take longer to reach your dealership, have a process in place to get those cars listed online before they arrive at your lot. (See number 6 below for more information.) One tip: purchase and transport from warmer climates during the winter months to avoid weather delays.

4 Get vehicles inspected before they leave the auction. Manheim offers several different inspection packages and even a buy-back guarantee with DealShield.

5 Buy retail-ready salvage vehicles that have had all the work done, or vehicles that have been reconned and detailed at the auction. This avoids recon time at the dealership so you can get them on the front-line fast.

6 Get your vehicles online before you leave the auction. Here's where you can create a critical advantage. The

sooner you get your cars online, the more car shoppers that can see – and potentially buy! – your cars. Even if they need recon, take 6 to 9 photos with your mobile device and get them online as soon as possible while the vehicle is in transition. If acquiring through online channels, use photos from the condition report or online wholesale listing. Once a car arrives at your lot, you can replace photos with high-quality and close-up ones. This method is especially effective if you know there's strong demand for specific make/models. Also consider using retail-ready and enhanced imaging services from Manheim which handle recon and merchandising before vehicles even leave the auction, allowing you to market front-line, ready-to-buy cars online. Really enterprising dealers are taking images from the wholesale VDP and converting it to the retail VDP on the spot.

7 If you can't get it online before leaving the auction, do the detailing before recon so you can take pictures and get the vehicle online. Shoot for getting every vehicle online within 24 hours of arrival at your dealership. Do the recon after you've created the VDP. Whether you're uploading inventory at the auction or from your dealership, tools like HomeNet can help you distribute your inventory everywhere.

In the end, inventory is another form of currency. A car is just a financial instrument that you take to a customer to cash. The sooner the customer cashes it, the more money you make. Learn more about how you can improve your speed-to-market at weworkforyou.com/fef. ■

*Dealer A and Dealer B in the example are both vAuto customers that use vAuto's vehicle-selection and pricing Provision tool.

1 Source: 2015 IHS Automotive Buyer Influence Study

2 Source: vAuto dealer customer data

3 Source: IHS, Intel Corp. & PriceWaterhouseCoopers

4 (Source: 2015 Autotrader Car Buyer of the Future Study)

► EXECUTIVE DIRECTOR'S MESSAGE

Window Tint is a Violation

BY WENDY RINEHART, OIADA EXECUTIVE DIRECTOR



It has been brought to my attention that some of the vehicles used car dealers are offering for sale on their lots have window tint that is in violation of Ohio law. Most often these vehicles are being bought through auctions from out of state dealers where the laws might be different but the vehicles are being driven by dealers here and sold to customers without the tint being removed. Dealers should be aware that driving any vehicle with illegal window tint is a violation of the law and you can be fined for doing it. Having a dealer

plate on the vehicle does not exempt it from meeting the legal requirements.

According to ORC 4513.241 Using tinted glass and other vision obscuring materials. Section (E) (1) No used motor vehicle dealer or new motor vehicle dealer, as defined in section 4517.01 of the Revised Code, shall sell any motor vehicle that fails to conform to the requirements of this section or of any rule adopted under this section. (K) (2) Whoever violates division (E)(1) of this section is guilty of a minor misdemeanor if the dealer or the dealer's agent knew of the non-conformity at the time of sale.

As a dealer, your best practices should be to check all your vehicles for window tint issues before you offer it for sale on your lot. Please refer to (or Google) ORC 4501-41-03 for specifications and ORC 4501-41-05 for exemptions.

Sincerely,

Wendy



OHIO INDEPENDENT AUTOMOBILE DEALERS ASSOCIATION

614-863-5800

OHIADA.org

OIADA is a not-for-profit industry trade association that has been the voice of Ohio's independent auto dealers since 1985. OIADA is committed to representing, educating, and informing Ohio's most successful independent motor vehicle dealers. Dealers turn to OIADA to provide them solutions and answers to business related questions and consumer related questions.

Our primary purpose is to identify and address the legal and legislative issues that confront the used car industry in Ohio, but we do much more.

Through OIADA's impressive network of a wide variety of companies who support our industry, our members enjoy pre-negotiated discounts on products and services they need to be successful in the car business. We encourage you to check out the Dealer Service Provider Directory. These services include, but are not limited to auto auctions, insurance companies, legal advice, and advertising. All members receive a coupon book containing about \$4,000 in real discounts.

If you would like information about membership and the benefits associated with becoming a part of OIADA, please don't hesitate to give me a call. We are always on hand to answer any questions you may have.



1-800-647-1121

Your Dealer Software Solution!

From a company that has been providing proven, easy to use software since 1974

Finance

Inventory

Values

Credit Bureau

BH / PH

Accounting

Lenders

Payment Portals

Electronic Forms

3 Ways to Avoid Falling Flat with Today's Vehicle Buyers

BY DALE POLLAK, CHAIRMAN AND FOUNDER, VAUTO, INC.

Let's imagine that you're sitting front and center, as your favorite band takes the stage.

You bought tickets a few weeks ago. You cleared your schedule. You're pretty excited as the band cranks up the opening tune. The singer steps up to the microphone.

But the first note falls flat, followed by another clunker. You wince, and think: "WTF? I didn't come all the way here for this!"

I share the anecdote because it's similar to how today's vehicle buyers feel when they find a vehicle they like online, and contact the dealership by chat, phone or e-mail.

In most cases, the buyers engage the dealership to learn two things—whether the car they like is available, and what it will cost to purchase. In other words, they want to start working the deal without coming into the showroom.

But how do most dealers respond? Too often, it's some variation of "Come on in!" The effect is exactly like the singer's sour notes. It greatly reduces the buyer's confidence in the dealer, and his/her interest in completing the deal.

My colleague, Mike Burgiss of Cox Automotive's MakeMyDeal, says his team sees this dynamic every day. He shared a recent example from a Southeast Kia dealer:

A husband sent a chat message to ask about pricing for a Kia Soul, which his wife had recently checked out at the dealership. The sales associate's first response: "Let's sit down with my GM and talk numbers. He's done crazy things when he's with a customer."

The buyer politely declined, and the sales associate sent another message that offered a price range, details about Kia's powertrain warranty and a second invitation to come to the dealership. The buyer's final response: "I understand. I will keep looking. Thanks for your time."

Burgiss says the exchange would have gone better if the sales associate answered the inquiry with deal terms personalized for the buyer. "The example highlights a prevailing belief among dealers that customers must be in the showroom to negotiate a vehicle's price or other terms," he says. "Unfortunately, that's out of step with today's buyers. They'd prefer to work out deals from their home or office, just as they do with other retailers."

I asked Burgiss for recommendations to help dealers better today's vehicle buyer preferences. He shared three:

Recognize the "shopper" vs. "buyer" distinction. When customers find a vehicle they like, and take the time to view a VDP, they have shifted from simply shopping to an active stage of buying, Burgiss says. "The question for dealers is whether the information they present online facilitates the transaction right then and there," he says. "If it doesn't, potential buyers won't see the signs of an easy, efficient purchase they're looking for."

Allow buyers to work deal terms online. Burgiss says new technologies give buyers the ability to configure a vehicle deal on a VDP and make an offer—without requiring them to provide personal information, send an e-mail or contact a sales associate. Even though buyers work deals under dealer-set parameters, the process and technology gives them a greater sense of control and self-direction.

"Dealers who adopt this process see higher levels of buyer engagement and improved closing ratios," he says. "These improvements come because the dealers made the leap to serve buyers in the manner they prefer."

Be authentic. When buyers take the opportunity to configure deals online, they send a signal that they expect an easy, efficient transaction, just as they would from other retailers. "If you play coy on price with these buyers, you'll end up like the Kia dealer and lose them to a dealer who isn't playing the traditional deal-making game," Burgiss says.

I like this thinking on multiple levels.

By working deals online, dealers could achieve greater efficiency and satisfaction in showrooms. Customers could essentially show up, test drive a vehicle and, if they like it, take delivery. Less time equals increased customer satisfaction—and more time for sales associates to sell more cars.

Finally, this e-enabled approach to retailing vehicles creates another benefit for dealers. You'll have less risk of hitting a bad note when it's your turn to step up to the microphone. ■

In addition to being a best-selling author on Used Car Sales in his book *Velocity*, Dale Pollak is the chairman and founder of vAuto, Inc., a company that provides retail automotive dealerships with a better way to appraise, manage and price their pre-owned vehicle inventory. In addition to serving as vAuto's spokesperson, Dale is responsible for strategic planning and development. Visit dalepollak.com.

Repos, Notices, and Bad Debt

BY MYLES STEVENSON

"I am in the car business, because repoing cars is dangerous and I am an adrenaline junky!" said no one EVER. Well I do know a guy, but.....

"I am smarter than my attorney and writing legal documents is a hobby of mine" is a statement that is only half true some of the time.

"The bad debt that my BHPH (or RFC) generates is producing a revenue stream that grows each year. I am actually budgeting that the checks are going to continue to arrive each month, even after I am retired and not running the dealership anymore. You see... I do an adequate job underwriting my loans, so even after I have had to repossess the vehicle, my customers are still able to pay me. I just take the money straight out of their paycheck or bank account!" Says my father. Owner of a BHPH that averages 400 accounts and has been using a third party to collect on his accounts since the late 80's. The checks that he receives each month range from \$4,000 to \$15,000.

We all sit around and complain that the sub-prime customer treats our collateral like a rental. Some customers lack the motivation or "Pride in their Ride" to respect their transportation and demonstrate typical ownership behavior. It is common for a BHPH customer to drop off their vehicle and go across the street and make a new purchase, simply because the other car caught their eye.

This is a behavioral pattern that can be corrected!

The dealer that had their collateral dumped back on them has the legal and contractual

right to liquidate the collateral in a commercially reasonable manner and go after their customer by way of a judgment. This is not as complicated as it sounds. Quite frankly, the commercially reasonable sale part of the equation should already play a role in your repossession process, unless your customer negotiates voiding the contract and they sign the title back over to the dealership.

Drop Walk & Drive is an epidemic that can be cured as the result of lenders, BHPH dealers, and finance companies pursuing the bad debt that comes from the attitude that a customer can walk away from their obligation, simply because they feel like it. If customers on a larger scale are held accountable for the contracts they sign, more of them will take the ownership of the collateral serious. Maybe not at first, but it will eventually sink in that the oil needs to be changed occasionally if they are going to have to depend on the vehicle for transportation until they have enough equity to trade up.

The same can be said for the customer that quits paying and keeps driving the vehicle until the repo agent catches up with them. Whether they return the vehicle voluntarily or it is repossessed, they chose to ignore their obligation.

Bad debt is revenue that never made it to the bank. Instituting a third party relationship to partner with on a contingency fee basis will add to the bottom line and eventually create better customers for our industry. I know this first hand. ■

To contact Myles Stevenson: Myles@RepoNotice.com

ADVERTISER INDEX

- 9 Corry Auto Dealers Exchange
- 4 Micro 21
- IFC NextGear Capital
- 20 Professional Mojo

TARGET YOUR ADVERTISING DOLLARS

REASONS TO ADVERTISE WITH OHIO DEALER

PUT YOUR COMPANY NAME IN FRONT OF THOUSANDS OF OHIO AUTO DEALERS

• FREE ADVERTISING DESIGN SUPPORT

• ADVERTISING PACKAGES FOR EVERY BUDGET

• MAGAZINE ADS ARE THE STRONGEST DRIVER OF PURCHASE INTENT

TO ADVERTISE WITH OIADA

To receive a copy of the Media Kit for OHIO DEALER magazine, please send a request via email to info@professionalmojo.com or call (866) 611-2715.



Federal Warranty Laws on FTC's Radar

BY ALLISON L. HARRISON, ESQ., ALLISON L. HARRISON LAW, LLC

Over the years I have noticed more and more dealerships offering in-house warranties on used vehicles, backed by the dealership. It is a wonderful selling point and can set the dealership apart from competitors. But frequently dealerships want to make warranty coverage contingent on all non-warranty repairs being completed at the dealership.

Sounds great right? Capture all of the customer's non-warranty repair money and cover a few warranty items over the life of the vehicle. Unfortunately it's too good to be true. Ask BMW- MINI Cooper. In March of 2015, MINI settled with the FTC for allegedly representing to customers that their new car warranty would be invalidated unless all repairs and maintenance were completed at MINI dealerships using only MINI parts. Both requiring non-warranty repairs to be completed at a MINI dealership and requiring MINI parts were alleged violations of the Magnuson-Moss Warranty Act.

Federal law prohibits "tying" agreements in warranties. A warranty cannot be contingent on non-warranty work being completed at a specific location or using a specific product. However, limitations on the quality of parts used for non-warranty repairs may be set. For example, the warranty could require, at a minimum,

If a dealership's goal in providing a warranty is to have more face-time with the customer, the dealership may want to consider providing a free or pre-paid service package with the sale.

that synthetic blend oil be used for all oil changes, but it could not require a specific brand synthetic blend to be used.

If a dealership's goal in providing a warranty is to have more face-time with the customer, the dealership may want to consider providing a free or pre-paid service package with the sale. For example, if the vehicle is sold with four free oil changes at your store, chances are the consumer will bring it back to you instead of paying out of pocket for the same service. This provides more customer interaction and provides the service department the opportunity to up-sell other non-prepaid and non-warranty items. Additionally, if a free service package comes with the vehicle, your dealership is able to control the quality of the parts used and of the services rendered.

Aside from the tying issue, I have noticed some dealerships which charge custom-

ers for an in-house warranties. It makes sense, the charge would help off-set any future repair costs and would be a nice short-term profit. However, Federal warranty law distinguishes between warranties and service contracts based on payment. A warranty is included in the sale price of the product, whereas a service contract is an additional (optional) charge. Your dealership may opt to offer an in-house service contract which allows the dealership to charge a fee. Even though service contracts are not specifically governed by Magnuson-Moss, federal and state consumer protection laws will still dictate what limitations may be included in the service contract. Before you offer your own service contract, check state laws to ensure the service contract complies with your state requirements.

The nuances associated with in-house warranties and service contracts require attention to the details of federal and state law. With the FTC's recent action against BMW-MINI, warranty laws are back on regulators' radar. In order to protect your business from unnecessary liability, your in-house warranty, service contract, or maintenance package should be reviewed by legal counsel competent in auto warranty law. ■



GPS Device Compliance: Think Consumer Privacy & Disclosure

BY JAKE FRANK, FOUNDER & EVP, PASSTIME

Compliance. A word that has always held importance, but now seems to be included in our everyday vocabulary. With state legislation being proposed and possibly passed into law, as well as attention from the Consumer Financial Protection Bureau (CFPB) and FTC into automotive finance, it is more important than ever to ensure your business is staying compliant with regard to business and lending practices.

The use of GPS tracking devices is no exception. PassTime, an industry leading provider of GPS and Automated Collection Technology devices, is at the forefront of helping its customers understand and comply with regulations regarding this technology. PassTime is a platinum sponsor for AFSA and a founding member of the Payment Assurance Technology Association (PATA) which serves the starter interrupt/GPS tracking industry. PATA seeks to unify, standardize and validate the activities of the industry and markets engaged in the manufacture, sale and use of technology for monitoring or disabling vehicles and for other applications.

Together, PassTime and PATA have been working closely with governmental agencies, particularly the CFPB and FTC. From these discussions, consumer privacy has emerged as a topic of interest or con-

cern for the regulators. Specific areas of note are: excessive GPS locating of a consumer as well as providing clear and proper disclosure.

GPS Usage: How Much is Too Much?

Consumer privacy is a key topic when it comes to GPS tracking in any application and is not taken lightly with the Federal Trade Commission and other governmental agencies and lawmakers. To put it plainly, excessive locating of a consumer, especially when that consumer is not in default, may be considered a questionable intrusion into consumer privacy.

If a device was set to perform a locate every 5 minutes, would that be considered excessive? While it might be a nice device function for protecting your asset, you need to ask yourself how it would look from a consumer privacy perspective.

The importance of how a device is used was highlighted by Tom Hudson, partner at law firm Hudson Cook LLP. He stated, "With the increased regulator interest, transparency about the presence and capabilities of the devices is becoming increasingly important. Ink is cheaper than a lawsuit - tell the consumer how the device is being used, and use the device only as needed."

It really comes down to: How often are you tracking the customer's vehicle, and in what situation? Is your GPS device locating automatically, and if so, how often? Additionally, when you locate the vehicle, are you locating the vehicle for the purpose of repossession or initially verifying an address, or just or whenever you feel like it? Without a company policy in place to protect your business, you could be walking a fine line if the GPS device is being used to randomly track vehicles without a legitimate purpose.

An FTC Staff Report from 2013 called "Mobile Privacy Disclosures: Building Trust Through Transparency", describes measures that the Commission is taking regarding consumer privacy and the collection of data. While the report focused primarily around the data collected by a consumer's smart phone, the scope could be applied in other areas, such as GPS devices used in the automotive finance market.

This report, along with other similar ones, also discusses the importance of privacy disclosures so consumers are aware of how data is being collected about them and how it is being used. So, if your GPS device is set to track the vehicle every 30 minutes or even more often, is that being disclosed to the consumer?

The key here is a balance between ensuring the device is working properly or a vehicle being located because it's necessary vs. a device locating a vehicle every 5 minutes just because the device is capable of doing that.

Disclosure, Disclosure, Disclosure

Disclosing the existence of a GPS or starter interrupt device to the consumer has been a requirement from some device providers, like PassTime, for a decade or more. The type and features of the GPS device you are using may determine your legal obligations with customer disclosure. However, with Right to Cure laws, consumer protection acts and consumer privacy acts, not disclosing the use of the device to a consumer could open you up to legal issues such as fines, lawsuits, or government action.

Additionally, not disclosing the use of a device could be considered an unfair and deceptive act on the part of the creditor, which could result in a mountain of legal issues.

Tom Hudson encourages dealers to disclose the use of devices, stating, "Every state that has legalized devices by statute has also required a dealer or finance company to disclose that a vehicle has been equipped with a device. Further, more than one state has fined dealers for failing to disclose the devices for engaging in an unfair, deceptive or abusive act or practice. You'd have to be brain dead not to disclose the presence of the device."

While providing a comprehensive written disclosure to be signed by the end user is a necessity in today's climate, the content of the disclosure is also critical. Governmental agencies are increasingly becoming interested in not only that a consumer is aware of the device, but also specifically how the device operates and how it will be used by the creditor.

Like all aspects of your business, especially regarding compliance issues, it is important to create policies that are followed diligently each and every time. The same is

true about your GPS device management. Set policies that keep you in compliance and keep consumer privacy in mind. Is it really better to use a device that tracks a vehicle every 5 minutes? Or does that set you up for potential trouble down the road?

Think about your device provider. Is it doing everything possible to understand the political landscape of the industry, working with regulators on your behalf? Is it involved in industry associations like PATA? Is it providing you written proposed disclosures clearly outlining the use of the device - or is it just selling you a device? With today's changing climate and regulation in many aspects of the lending industry - choosing the right partner for your GPS devices is more important than ever. ■

For more information, please contact PassTime at 877-727-7846, info@passtimeusa.com, or by visiting www.passtimeusa.com

WE OPERATE STATEWIDE



**WE PARTICIPATE IN
OIADA VIP PROGRAM**



**SAVE
\$400 in
Buy /Sell FEES
In 2016**

CORRY
AUTO DEALERS EXCHANGE

LARGE COMMERCIAL ACCOUNT BASE

450—500 Units per week

72 % New Car Store consignment

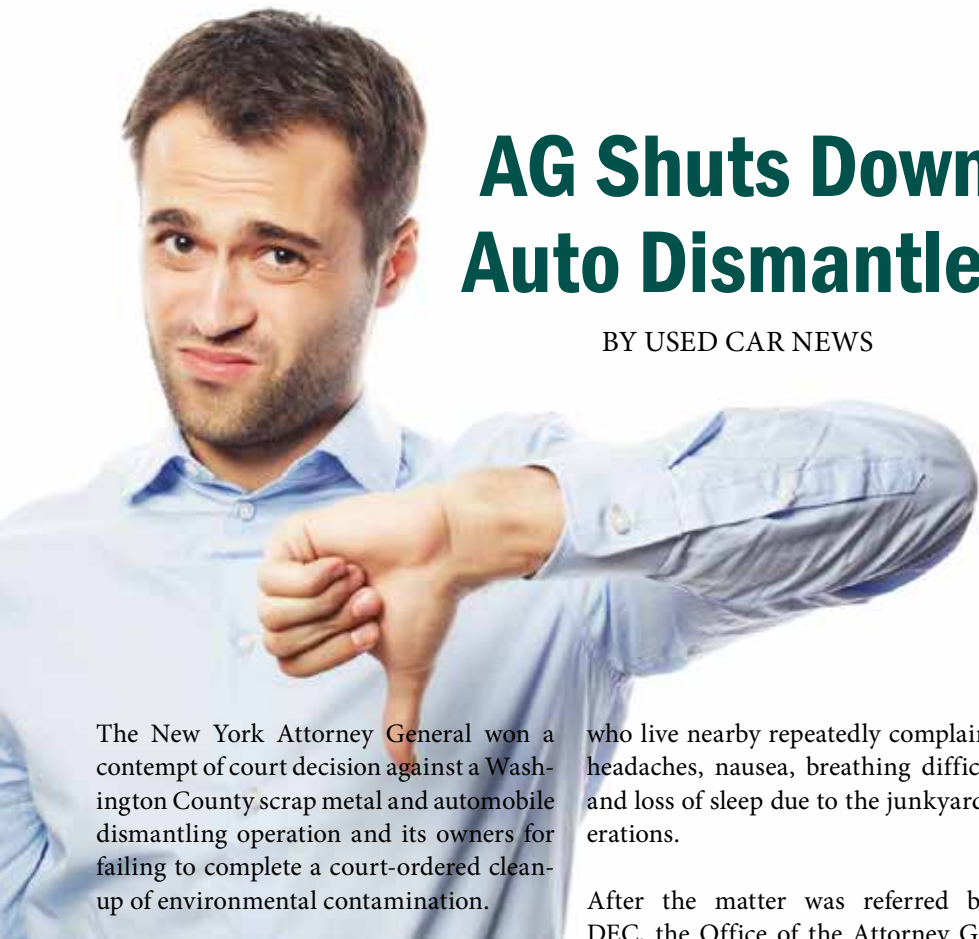
PLAN TO ATTEND IN 2016

ATTEND EVERY THURSDAY AT 10:00AM

FIND US ON:



**12141 Route 6 , PO Box 317
CORRY PA 16407 (814) 664-7721**



AG Shuts Down Auto Dismantler

BY USED CAR NEWS

The New York Attorney General won a contempt of court decision against a Washington County scrap metal and automobile dismantling operation and its owners for failing to complete a court-ordered cleanup of environmental contamination.

The Supreme Court of the State of New York, County of Washington found East Side Used Auto Parts, and its owner James Marro, in civil and criminal contempt for ignoring a 2011 court-ordered settlement to remedy the environmental damages caused by allowing toxic chemicals to contaminate the air and nearby groundwater. The Court ordered the defendants to complete the cleanup of the site and pay a \$100,000 penalty. The Court also imposed a 30-day imprisonment sentence on Marro, suspended so long as he complies with the terms of the court's order.

From 2003 to 2010, East Side Used Auto Parts operated at 3614 Burgoyne Avenue, Kingsbury, a site that borders a residential neighborhood on three sides and a public school on the fourth. Over the course of the junkyard's operation, the owners were repeatedly cited by the New York State Department of Environmental Conservation (DEC) for mishandling waste at the site and illegally discharging harmful chemicals into the environment. Residents

who live nearby repeatedly complained of headaches, nausea, breathing difficulties, and loss of sleep due to the junkyard's operations.

After the matter was referred by the DEC, the Office of the Attorney General brought a lawsuit against East Side Used Auto Parts, and its co-owners James and Robert Marro, in Washington County Supreme Court. In 2011, the defendants entered into a court-ordered settlement with Attorney General Schneiderman in which they committed to a full cleanup of the site, including removing waste materials and debris, and implementing an investigation of soil and groundwater contamination. However, when the defendants stopped all cleanup and investigative work, the Attorney General asked the court to hold them in civil and criminal contempt.

In the decision, the court granted the Attorney General's motion, finding that, among other things, East Side Used Auto Parts and James Marro – who signed the settlement – failed to make a good faith effort to comply with the 2011 settlement. In this finding, the court concluded that defendants had no basis for claiming they lacked sufficient assets by which to fund compliance with the settlement and complete the cleanup. ■



OIADA Annual Poker Tournament

**March 11, 2016
6PM to Midnight
York Country Club**

7549 N. High St.
Columbus, Ohio 43235

Please join the OIADA at our Annual Poker Tournament for a night of gaming and great food! Not to mention drinks and door prizes.

Tickets: \$100.00 per person
Includes a seat in the tournament, dinner, open bar, late night snacks

**1st Place: \$1000.00
2nd Place: \$700.00
3rd Place: 300.00**

**It is sure to be a night
you will remember!**

Please contact the OIADA
for tickets or more information
info@ohiada.org
614-863-5800



Wield Your Shield Correctly

BY SHAUN PETERSEN

Thanks to Marvel Comics' domination of the box office, my 7-year-old son is constantly running around the house as Iron Man, Thor or Captain America. It is not uncommon during an imaginary gunfight with his older brother for him to grab something to use as a shield against big brother's attack.

Of course, it is also not uncommon for the inevitable dispute to arise as to whether big brother's laser shots can penetrate little brother's shield, because as we all know, nothing can penetrate Captain America's shield – except the laser-focused stare from mom when the argument gets out of hand.

While a shield can be a great defensive tool in an attack, it is only effective if it is sufficiently strong and large enough to protect its wielder. A six-inch shield made of Styrofoam won't be of much use to anyone in hand-to-hand combat.

What shields exist in our industry to protect a dealer from consumer lawsuits or regulatory inquiries?

Perhaps the one shield dealers rely on more than any other is an "As-Is" disclosure, at a minimum on the federally mandated Buyers Guide, but perhaps also through a separate "As-Is" disclosure statement.

In many dealers' minds, the "As-Is" disclosure operates almost as a "Get Out of Jail Free" card. When responding to a consumer complaint or lawsuit, and, at times, a regulatory inquiry, I have often had dealers tell me the consumer signed an "As-Is" disclosure statement and thus they are immune from consumer claims.

But as one Ohio dealer learned, simply disclosing to the consumer that a vehicle is sold "As-Is" is not always as strong a shield as you might think.

“...checking the “As-Is” box does not give a dealer freedom to hide information known to the dealer that would be material to the consumer’s decision about acquiring a vehicle.”

A consumer, who told a trial judge he was looking for a safe vehicle to transport his newborn son, went to a local dealership after being referred there by a family member. The salesperson directed him to a particular vehicle with a statement that it was a good vehicle and would be a great family car.

Relying on those statements, the consumer test drove the vehicle and ultimately decided to purchase it. The paperwork signed by the consumer clearly disclosed he was purchasing the vehicle “As-Is”.

After driving the vehicle for several months without incident, the consumer decided to take the vehicle to a dealership in another city to trade it in on a larger vehicle. While performing the trade-in valuation, that dealership informed him that an AutoCheck report revealed the auction at which the selling dealer acquired the vehicle reported the vehicle had prior unibody damage.

The auction conducted an inspection before running the vehicle and determined there was unibody damage. According to auction protocol, the vehicle was presumably announced as having unibody damage during the auction. The auction sales receipt, signed by the selling dealer, showed the vehicle was announced with unibody damage.

The consumer sued the dealer for failing to disclose the prior unibody damage, asserting multiple claims including violations of Ohio's unfair and deceptive acts and

practices statute. In his defense, the dealer argued the inclusion of an “As-Is” disclosure precludes relief under the consumer protection statutes for failing to disclose a defect in the vehicle.

But the court dismissed that argument, saying the inclusion of an “As-Is” disclosure applies only to disclaimers of warranties and as a defense to a breach of contract or breach of warranty allegation. It does not provide a defense to a consumer fraud claim.

The judge found the dealer violated Ohio's consumer fraud law and awarded treble damages and attorney's fees totaling nearly \$14,000.

While it is required that dealers disclose the existence of a warranty or, where permitted by state law, the lack of warranty, it is important to understand exactly what happens when you check the “As-Is” box on the Buyers Guide and have a consumer sign an “As-Is” disclosure statement.

All “As-Is” means is you the dealer are not providing any warranty with the sale. For example, if an alternator goes bad six months after you sell the vehicle, a properly executed “As-Is” disclosure means you are not agreeing to make that repair.

As that Ohio dealer learned, checking the “As-Is” box does not give a dealer freedom to hide information known to the dealer that would be material to the consumer's decision about acquiring a vehicle. If you know a vehicle has prior frame or unibody damage and that fact is not disclosed to a consumer, an “As-Is” disclosure is likely no protection for you in a consumer fraud battle.

Each of you is a superhero in your own right. Use your shield properly and continue to do good in your community and perhaps you will be the next character in Marvel's lineup: Dealer Man. ■



What Auto Domain Extensions Mean for Dealers

BY SARAH RUBENOFF, STAFF WRITER, AUTO REMARKETING

As announced recently, automotive companies will soon have three more domain extensions to choose from when crafting their Web presence: .cars, .car and .auto.

The domains are being launched by Cars Registry — a joint venture between domain companies XYZ and Unregistry.

To get some insight into what this means for dealers, Auto Remarketing reached out to Daniel Negari, chief executive officer of Cars Registry.

“Cars Registry Ltd. was formed by two domain industry leaders, XYZ and Uniregistry, with the vision of providing authoritative and memorable domain options for the auto industry,” he said.

So, why the new domains? Here is a look into what led to that decision.

Reasoning for the move

In discussing the reasoning for the new domain extensions, Negari explained that since the 1990s there have only been a handful of relevant domain options available — think .com, .org, etc. — and many

of the best domain names were taking early on.

Negari said this left “many dealers, OEMs and vendors with their third- or fourth-choice URLs.”

“Especially given the growth of mobile traffic, there has been an increasing demand for short and memorable domain names, and a continual lack of supply,” he said.

“We brought .xyz to the market for every website everywhere, and now the auto industry will have the chance to get the domain name they have always wanted,” he continued.

He offered this example: Nissan.com is actually owned by a computer company. And now, Nissan Automotive has the opportunity to lock down Nissan.auto to replace some of the longer domains they use today.

What does it mean for dealers?

The new extensions can potentially give dealerships a marketing advantage over what are often expensive or lengthy .com URLs.

Negari said, in particular, for those dealers with longer domain names the company is recommending they upgrade their existing lengthy domain to a memorable two letter, three letter or one-word domain.

“We offer complimentary white glove service to aid dealerships in migrating their current website to their new .cars, .car, or .auto domain,” said Negari. “This process only takes a couple days and their SEO, ranking, and emails are maintained in the process.”

If dealers choose this approach, the company’s team will handle the entire migration process, and Negari said they have done so dozens of times in the past “without a hitch.”

Dealers also can use “do it yourself” migration guide for anyone who would like to upgrade their domain, which can be found [here](#).

Negari explained the new domains have the potential to help dealers capture more organic search engine traffic, as well.

“Almost every domain variation will be available to register, including city, state, and region domain names,” Negari explained. “For example, a dealer could display their pre-owned inventory on LosAngeles.cars, and then start to capture search engine traffic for competitive keywords like ‘los angeles cars’ and ‘los angeles used cars’. The dealer could then run search engine marketing, TV, print, and radio campaigns and track the results on their new Web address.”

This is the approach early adopter St. Louis Motorcars took. The Midwest dealership rebranded from STLMotorcars.com to STL.cars.

The dealer principle, Graham Hill, then used the money the business might have spent on a comparable .com domain on a new ad campaign to promote the store.

“Buying the .com version of STL would have cost hundreds of thousands of dollars and STL.cars works exactly the same way, but looks better in advertising,” Hill said. “I got a better looking name for less money and used the savings over securing the .cars equivalent, to market my new website on duPont REGISTRY.”

And coveted .com domains go for increasingly large amounts of money. Negari shared that over the past 12 months, he has seen two-letter .com domains sell for over \$1.5 million, while some three-letter domains have come for over \$50,000.

On the other hand, all .cars, .car, and .auto domain names will be priced at the same flat rate of \$3,000 MSRP per year, beginning on Jan. 20.

Domains expected to go quickly

To start off, between Dec. 9 and Jan. 12, the domains will be first made available to trademark holders registered in the company’s Trademark Clearinghouse.

Following this trademark period, a public priority registration period will start on Jan. 12 to give anyone an opportunity to register any available domains for a premium fee before they enter general availability.



And then on Jan. 20, the domains will become open to the public through Cars Registry’s retailers, including Network Solutions and GoDaddy.

And Negari expects these domains to go quickly. “We have already received contact from many large car manufacturers and dealer groups who will be registering their trademark domain names in the initial trademark holder exclusive period,” said Negari. “There has also been a lot of interest in securing keyword-rich domains during the public priority registration period when domains like Buy.cars, Compare.cars, LA.cars and Luxury.auto are expected to be registered.”

From the initial feedback the company has received from smaller auto dealers and vendors, the majority of respondents wanted to register at least one address with the new domain extensions.

But in many cases, they are requesting 10 to 30 domains for each dealership “in order to lock up the geographic variant ending with .cars, model names ending in .car, and their automotive group name ending in .auto for SEO/SEM purposes,” said Negari. In other words, domains will be going and going fast.

Shorter URLs preferable to mobile users

Who wants to type in some long, cumbersome URL on their smartphone? Well ... no

one, really, which is why shorter URLs are becoming more and more important as mobile Web usage grows, especially in terms of vehicle shopping.

Negari said that have been a number of studies done on the effectiveness of shorter URLs and the direct correlation between the number of characters in a URL and the popularity of the website, and, not surprisingly, shorter URLs tend to be more popular.

“As digital ad spend in the auto industry continues to grow, along with the amount of mobile users, the demand for short, catchy domains is also increasing,” said Negari. “.cars, .car, and .auto domain names allow for innovation and empower businesses to drive their brand and secure some of the Internet’s most valuable real estate.”

There will be many more to come, but for inspiration, here are a few examples of the auto businesses who have already made the switch to one of the three new domains:

- Kain.auto (previously KainAutomotive.com)
- STL.cars (previously STLmotorcars.com)
- MarketPunch.auto (previously MarketPunch.com)
- Lucra.cars (previously LucraCars.com) ■

Mark your calendar!

Auto Auction Listing

ABC Toledo Detroit

Friday Sale
9797 Freemont Pike
Perrysburg, OH 43551
(419) 872-0872

Adesa Cleveland

Thursday Sale
210 E Twinsburg Road
Northfield, OH 44067
(330) 467-8280

Adesa Cincinnati Dayton

Tuesday Sale
4400 William C Good Blvd
Franklin, OH 45005
(937) 746-4000

Adesa Pittsburgh

Friday Sale
758 Franklin Road
Mercer, PA 16137
(724) 662-4500

Adesa Queen City

Friday Sale
8200 Reading Road
Cincinnati, OH 45237
(513) 761-1034

Akron Auto Auction

Tuesday Sale
2471 Ley Drive
Akron, OH 44319
(330) 773-8245

Columbus Fair Auto Auction

Wednesday Sale
4700 Groveport Road
Columbus, OH 43207
(614) 497-2000

Corry Auto Dealers Exchange

Thursday Sale
12141 Route 6
Corry, Pa 16407
(814) 664-7721

Dayton Auto Auction

Friday Sale
7545 North Dixie
Dayton, OH 45413
(937) 454-2292

Greater Cleveland Auto Auction

Friday Sale
5801 Engle Road
Cleveland, OH 44142
(216) 433-7777

Greater Erie Auto Auction

Tuesday Sale
7700 Avonia Road
Fairview, Pa 16415
(814) 460-1350

IAA Akron-Canton

Monday Sale
2932 St. Route 259 SE
New Philadelphia, OH 44663
(330) 339-1995

IAA Cincinnati

Thursday Sale
10100 Windisch Road
West Chester, OH 45069
(513) 779-0075

IAA Cleveland

Thursday Sale
7437 Deer Trail Lane
Lorain, OH 44053
(877) 917-6877

IAA Columbus

Wednesday Sale
1601 Thrailkill Road
Grove City, OH 43123
(614) 875-7484

IAA Dayton

Tuesday Sale
400 Cherokee Drive
Dayton, OH 45417
(937) 268-6666

Manheim Cincinnati

Thursday Sale
4969 Muhlhauser Road
Hamilton, OH 45011
(513) 874-9310

Manheim Ohio

Tuesday Sale
3905 Jackson Pike
Grove City, OH 43123
(614) 871-2771

Skipco Auto Auction

Saturday Sale
700 Elm Ridge Avenue
Canal Fulton, OH 44614
(800) 824-7881

Value Auto Auction

Thursday Sale
3776 St Route 93 Ne
Crooksville, OH 43731
(740) 982-3030

CFPB Fines CarHop for Credit Reporting

BY USED CAR NEWS

The Consumer Financial Protection Bureau is taking action against CarHop, one of the country's biggest buy-here, pay-here auto dealers, and its affiliated financing company, Universal Acceptance Corp., for providing damaging, inaccurate consumer information to credit reporting companies.

CarHop and its affiliate also failed to provide accurate, positive credit information that it promised consumers it would supply to the credit reporting companies. The CFPB's investigation found that the companies inaccurately reported information for more than 84,000 accounts on a widespread and systemic basis.

The CFPB is ordering the companies to cease their illegal activities and pay a \$6.5 million civil penalty.

Minnesota-based CarHop is also known as Interstate Auto Group. CarHop has about 50 retail locations in more than a dozen states.

Universal Acceptance, on behalf of CarHop, furnishes consumer account information to all three major consumer reporting companies on a monthly basis.

The CFPB found that the company reported information that it knew or had reasonable cause to believe was inaccurate. The company inaccurately furnished information for more than 84,000 accounts from about January 2009 until September 2013.

Almost all the information the companies inaccurately furnished to the credit reporting companies could potentially harm customers.

The CFPB found that CarHop and Universal Acceptance Corporation violated the Fair Credit Reporting Act and the Consumer Financial Protection Act. ■

SAVE THE DATE

July 15

**OIADA Annual
Golf Outing**

YORK GOLF CLUB

By 2017, NADA expects the supply of late-model used vehicles to be about 28 percent higher than in 2014.

U.S. Auto Sales Top Out In 2016, Dealer Association Economist Predicts

BY JIM HENRY, SENIOR EDITOR, AUTO FINANCE NEWS-NEW YORK



The National Automobile Dealers Association predicted U.S. auto sales would probably start to decline in 2017, after seven consecutive years of increases. The good news is, 2015 should approach an all-time high, and 2016 should set a new record, according to Steven Szakaly, NADA chief economist. In addition, analysts don't predict a sudden falloff in U.S. auto sales after 2016, unlike some previous business cycles. Nevertheless, sales are likely to decline after 2016. Szakaly cited a combination of factors. Those include a gradual rise in interest rates from today's relative lows. Used-car prices are also expected to decline from today's relative highs, making used cars more attractive for some buyers. There's also a trend toward keeping cars longer, NADA said.

The dealer association expects used-vehicle prices to fall by an average of 4.5 percent per year in 2016 and 2017, caused

by a rising supply of used vehicles and increased pressure from the new-vehicle market, as the factories increase new-car incentives. By 2017, NADA expects the supply of late-model used vehicles to be about 28 percent higher than in 2014. On the bright side, on Monday the dealer association hiked its U.S. auto sales forecast for 2015 to about 17.2 million, from an earlier estimate of 16.9 million. For 2016, NADA predicted U.S. sales of about 17.6 new cars and light trucks – that is, pickups, SUVs, crossovers and minivans. The present U.S. sales record is 17.4 million, set in 2000. NADA said assuming sales increase again in 2016, that would be the seventh year in a row of increased U.S. auto sales, a record. However, U.S. auto sales had a long way to climb, after falling to only 10.4 million in 2009. Analysts said that was the lowest level of U.S. auto sales per capita since World War II. ■

**LOOK FOR
MORE DETAILS
SOON!**

ohiada.org
(see event calendar)
or call our office at
614-863-5800



5 Advertising Tips to Help You Move Your Used Inventory

BY ANNIE ODE, ADVERTISING PRODUCT
MARKETING MANAGER, DEALER.COM

Remember 2012, when the automotive industry got an adrenaline shot to the heart a la Uma Thurman in *Pulp Fiction*? Following several years of unpalatable news, depressed growth, and a sputtering economy, the automotive industry rejoiced when numbers finally sprang up, specifically in one category: leases. Those deals had us jumping for joy as hundreds of thousands of new automobiles drove off lots across the country.

Now, with 2016 just around the corner, it's time to think about all of those leases once again in the form of lease turnovers.

According to Auto Finance News, "The volume of expiring automobile leases is on track to increase 100,000 units – 5% in 2015 and then skyrocket another 800,000 units – 35% – in 2016."

That's a big number, but don't let it freak you out. As you can read in *Auto Remarketing*, moving your pre-owned vehicles makes you money pretty quickly and easily, so your attention should be even more focused on used vehicles as we move into 2016.

But how do you attend to that?

Start by asking yourself these questions: Do you have used and/or certified pre-

owned campaigns running? Are you running any brand awareness building campaigns to get the guy who turns in his lease down the road to run over to you to get his next car? If not, let's get on this stuff.

Paid search ads.

1. If you're running a dealer general and new vehicle campaign (we hope), don't touch those.

2. Talk to your paid search advertising provider about investing in a used campaign and make sure it helps you determine the most important models to move. Your advertising provider should:

- Work with you to get the pulse of your local market. You might have just gotten in a sweet convertible, for example, but if you're up here in Burlington, Vermont, like we are, nobody's buying that ride in January.
- Thoroughly review your inventory with you. What are you deepest in? Customers like to see options when they search for a vehicle. Are you more likely to move trucks than sedans? Let's focus on trucks.
- Help to include the deals and promotions you may be running. If everyone's turning in leases, you have to stand out from the guy down the road.

Display ads.

3. Make sure you've got real, on-lot photos of your used vehicles. Stock photos are a no-go here. Customers won't trust you if you don't show them what you've really got available and its condition. This is immensely important in used vehicles.

4. People are going to be turning in leases all over town. By incorporating a used vehicle display campaign, you can build local awareness of your inventory and promotions. This strategy allows you to attract new customers who turn in their lease down the street and then come into your dealership to get the next one.

Retargeting

5. I've said it once; I'll say it a hundred more times: You've put blood, sweat, and tears into getting customers to your website. Please, please, please have your budget at a level that matches that unique visitor volume. Talk to your advertising partner to determine how to best approach automotive retargeting.

The Farmers' Almanac predicted a dry winter for the north and a wet winter for the south, but you can take fate into your own hands with these strategies and make sure it's a HOT sales season at your dealership. ■

How to Reduce Employee Turnover

BY DIGITAL DEALER

In the 2015 NADA Workforce Study, one of the most shocking statistics to me was that only 33% of all sales consultants hired reached their three-year service anniversary; which means that 67% of sales consultants that were hired quit within the first three years.

The high turnover rate among car salespeople as a whole leads many dealers to shake their heads and say, “It’s hard to find good help.” Actually, nothing could be further from the truth. There is plenty of good help out there; but the hard-working, smart and personable “help” that you’re looking for prefer to take jobs with companies that have a market-based salary structure.

Here in Albany, a college graduate can go work for many companies and receive a starting salary of \$40K to \$50K with great benefits. When given a choice between a guaranteed \$50K and a sales job that basically pays minimum wage plus commissions, why would anyone choose the latter? Sure, the “potential” may be there, but it takes years to build a book of clients and make \$70K to \$90K as a car salesperson; and even then, there are no guarantees.

I have long been an advocate of changing pay plans in retail automotive. For several years I was a General Manager for a large dealership, so I know what the dealer’s thinking is. Why would you pay a salesperson unless they sell something? Dealers are afraid if they offer a good starting salary, the salespeople would have no motivation and would just sit around and do nothing.

Unfortunately, this type of thinking means the very salespeople you are trying to hire. You hire and pay people salaries to do other jobs in the dealership, and they do their jobs, don’t they? If they don’t do their jobs, they get fired. It’s no different if you think about paying salespeople a salary. Pay them a salary to do their job, and if they do a good job, they get rewarded further with pay increases or bonuses. If

“...salespeople who make a living wage are more likely to be happy in their jobs, which means the customers will be happier too. Happy customers lead to higher profits...”

they don’t do a good job, fire them and hire someone else. The bottom line is that you want your managers to manage the sales staff, not the pay plan.

Offering to pay a salary with the potential for bonuses and growth will attract a much higher-caliber employee than offering to pay minimum wage plus commissions that all too often these days, amount to a “mini” of \$150 per car. If you want to hire someone intelligent and hard working, you have to be competitive. If you’re not willing to be competitive, then you’re going to get what you’re going to get.

Another reason I advocate changing pay plans is because when you hire someone for minimum wage, you can be pretty confident that person is looking for a better-paying job from day one. Whereas if you pay them \$50K, that person may not look right away; in fact, they may be motivated enough to stay for a while and work hard so they can make \$60K or \$70K.

I realize that front-end gross is declining, but in the last few years, dealerships have had incredibly profitable years. They’re making money on trade-ins, on F&I and on service work. Incentives from manufacturers have increased significantly, encouraging dealers to give up front gross as a strategy to meet manufacturers’ stair step programs and to move the customer into the F&I office.

So yes, front-end gross may be low, but dealers are still highly profitable. Isn’t it

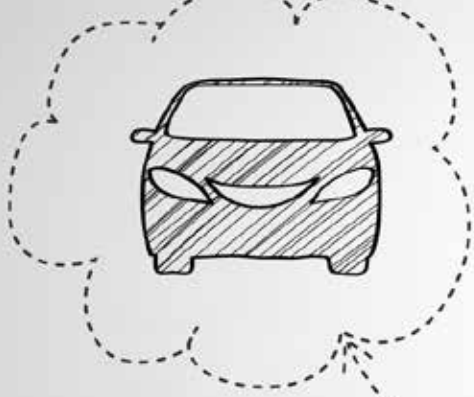
time to pay our starting salespeople a living wage?

My belief has long been that paying salespeople a good salary will actually increase front-end gross. A salesperson that is motivated only by commissions looks at every customer with the attitude, “What can I get from this person?” Instead, the focus should be on listening to the customer, focusing on their needs and taking care of them with the goal of building long-term loyalty.

Some of the luxury manufacturers and large dealer groups have been dabbling with new pay plans, and the results have been encouraging. Titus-Will Automotive Group in Washington recently changed the title of their salespeople to “product specialists,” and offers a choice between a traditional commission pay plan and a salary with bonuses. According to a recent article in Automotive News, operations manager Court Will says the approach has resulted in better quality applicants and more applicants coming from other industries.

BMW has shifted to hiring “product specialists,” who are hired not to sell cars, but to provide a great customer experience. Sonic Automotive is also rolling out a group-wide, one-price policy with no-commission customer service reps. The goal behind these moves is to improve the customer buying experience, which will ultimately result in higher levels of customer loyalty and profits.

This makes sense to me; salespeople who make a living wage are more likely to be happy in their jobs, which means the customers will be happier too. Happy customers lead to higher profits, so why fight it? The trend seems inevitable and better for all parties involved. ■



Selling More Used Cars Than Ever Before

BY SETH BERKOWITZ, PRESIDENT, EDMUNDS.COM

Have you noticed that the average used car you're selling is younger and pricier? The recent popularity of leasing is pouring young used cars into the market at unprecedented levels.

Edmunds' analysis found that average used car prices hit a record high of \$18,400 in the third quarter of 2015, up 6.3 percent — or \$1,100 per vehicle — from the third quarter of 2014. Meanwhile, the average age of used cars sold in Q3 2015 was 4.3 years, down from an average of 4.6 years the same time last year.

This is music to the ears of a franchised dealer who recognizes the opportunity to sell more certified pre-owned cars.

In Q3 2015, dealers sold over 653,000 vehicles through CPO programs, the highest-ever volume for the third quarter. CPO sales accounted for 21.8 percent of used sales by dealers, another record for the third quarter.

These highly profitable cars are here; now the challenge is keeping a steady stream of buyers interested. The timing is great, as growing numbers of Millennials are coming into the market with an appetite for lower priced cars equipped with the technology that can be found in many younger used models.

In support of its new Used+ car shopping service, an innovative used car sales program carefully designed and market-tested

for effectiveness in closing used car deals quickly and beneficially, Edmunds has been studying used car buyer behavior and has come upon some interesting learnings:

In a recent survey conducted on behalf of Edmunds.com by Instant.ly, 88% of respondents said that if they were to consider a used car, they would be willing to pay more for a certified pre-owned vehicle. Of those who were willing, 37.8% said they would spend up to an additional \$1,000 while 36.9% of respondents said they would spend up to an additional \$500.

Edmunds found that mobile users are at least 2.5 times more likely to click on ads than wired site visitors. This result holds for both retention and conquest ad campaigns. Mobile ad engagement has tripled compared to last year, and is trending to continue proving effective.

When determining condition of a used car, 81% focus on the vehicle's mileage, 77% focus on the vehicle's age and 67% focus on the wear and tear, according to Edmunds' research. To draw the most interest from shoppers browsing the Internet for the perfect used car, your online communications should anticipate and address these topics of interest.

Of the non-CPO used car buyers that Edmunds talked with, 28% were getting rid of their old cars because they needed expensive repairs. Of the CPO buyers that Edmunds talked with, 24% were motivated

to shop for something newer because they were nervous about the safety and/or reliability of their old cars. Moving forward, both sets of shoppers are likely to prioritize peace of mind when making a used car purchase. Dealers who address this need will be more likely to close more sales.

Edmunds compiles a wealth of detailed insights into the state of the used car market quarterly in a free report found at <http://www.edmunds.com/industry-center/data/used-car-market-quarterly-report.html>. Here are some additional points of interest from the latest edition of the report

The average amount financed for a used car is \$20,568, which is up two percent from last year. (The average financed amount is larger than the average price of used cars because many of the more inexpensive transactions are paid in cash and are therefore not reflected in the average financed amount.)

Loan terms on used cars are growing to offset higher average prices, and for the first time since before the recession, average APRs on used car loans are creeping higher.

Traditional SUVs are seeing the most price growth in the used car market. Passenger cars, on the other hand, are generally showing marginal year-over-year adjustments to prices, as a result of lower demand. ■

INDUSTRY EVENTS CALENDAR

January 28

GPU Sales Training, Akron, OH

January 29

GPU Sales Training, Columbus, OH

March 11

Poker Tournament

June 14-16

NIADA Convention
Las Vegas

July 15

OIADA Annual Golf Outing

September 27-29

NIADA Leadership Meeting
Washington DC

October 22

OIADA Convention & Expo

NEW AND RENEWED MEMBERS ◀

Thanks for your support!

83 Auto Sales
ACS Sales and Leasing
Adesa Mercer (Pittsburgh)
Akron Auto Auction
Alessandra's Used Car Sales
Alpha Auto Group Of Wadsworth, Inc.
Approved Motors LLC
Ary's Auto Sales Inc.
Auction Credit
Baite Auto Sales LLC
Bartley Car Company
Bates Auto Isle
Bob's Auto Sales
Bowden Motors Inc.
Brian T. Courtney Auto Sales
Bruce Kunesh Auto Sales
Bryan Auto Depot Inc.
Buckeye Motor Car
Buckeye Truck Sales LLC
Budget Auto
Car Bucks
Car Mart Express of Ohio LLC
Car Port
Car Source LLC
CarMax Auto Superstores
Certified Auction Direct LLC
Chapanars Quikeys
Clark's Auto Sales
Comsoft
Country Auto Sales Inc.
Credit Acceptance Corporation
Cyrus Auto World LLC
D & D Cars
Dave Backer Auto
Dayton Auto Auction
Dealer Funding
Drive Motorcars LLC
Drive Time
Electronic Merchant Systems
Enterprise Automotive
Ernies Auto LLC
Exotic Motorsports, LLC
Expo Auto Group
Floorplan Xpress
Foreign Exchange
Harvey's Auto Sales
JD Byrider - Boardman
JMA Auto Sales Inc.
KDK Auto Brokers Inc
Kimaco Auto Sales
King Motors
KRG Diversified Company LLC
Landen Motors Inc.
Larry Schaaf Auto Sales Inc.
Lease IT Own IT
Legacy Automotive, LLC

Life Line Auto Sales
Lock 20 Auto, Ltd.
Mac Murray, Petersen & Shuster LLP
Magic City Motorcars Inc.
Magnam Truck & Auto
Manheim's Cincinnati Auto Auction
Marvin Motors LLC
Maxwell Luxury Imports LLC
Miami Valley Auto Group
Michael's Motors Limited
Micro 21
Milton Auto Sales
Motorland USA LLC
Neo Auto Sales
New Wave Car Company
Newport Auto Group
Newsome Auto Sales Inc.
North Central Auto & Equipment
North East Auto Credit
Platinum Auto Group Inc.
Pleasant Corners Auto, LLC
Portage Car & Truck Sales Inc.
Poyar Enterprises Inc
Premier Auto Mart Inc
Pro Team Corvette Sales
Rader Car Company
Ray Poyar Auto Sales
Reel's Auto Sales
Regency Finance Company
Rempro Inc. DBA Shafer Auto Group
Ride Smart Inc.
RPM Auto Sales
R'S First Motor Sales Inc.
S & S Wholesale Consulting LLC
Sherwood Auto and Camper Sales
Shoemaker's A-1 Auto Inc.
Skipco Auto Auction
Southern Select Auto Sales
Speedie Auto
Stout Sales II LLC
Stratton Auto Sales
Subaclano Motors LLC
Sundowner Used Auto's
The Milby Group Insurance Agency, Inc.
Veralux Trading, Inc.
Viggen Performance Group
VIP Auto Sales & Service LLC
West 40 Auto Sales Inc
Westerville Auto Group
Wheels & Deals
Wheels That Turn, LLC
Wheelz & Dealz LLC
Wholesale Automotive Solutions LLC
DBA Columbus Auto Source
Wilmington Auto Center

DISCOUNTS AVAILABLE

advertise
with us

The most effective way to reach
automobile dealers in Ohio is by
targeting your ad dollars with
Ohio Dealer.

»See page 6 for more information
about advertising with us!

DISCOUNTS AVAILABLE NOW

Do you have
Marketing
Mojo?



Grow your auto industry business? *Oh, yeah.*

Our Mojo Methodology leverages both the traditional and online landscape to reach your customers and prospects with the right message, monitor online reviews and create an online reputation that will **grow your business.**

Listen up: You cannot afford to ignore the online conversation or mess it up. It will cost you money. Plain and simple. So, how can we help you minimize the risk?

Social Media That Makes Sense:

Strategy, Set Up, Execution, Community Management

Websites That People Want to Use:

Design, Development, Migration, Copywriting, SEO

Content Generation That Makes a Real Difference:

Copywriting, Sales Writing, Blogging, Online Press

Fabulous Print Design:

Brochures, Leave-Behinds, Tradeshow, Postcards, Sales Sheets

Online Reputation Monitoring:

Portfolio Development, Reporting, Reputation Campaigns

Your story. Irresistibly told.

ProfessionalMojo.com

info@professionalmojo.com



Twitter.com/ProfessionalMojo
Facebook.com/ProfessionalMojo
BlogTalkRadio.com/ProfessionalMojo

PREFERRED PARTNERS OF OIADA

■ AFC

Inventory financing available for dealer trades & accepted at 1000+ auctions in USA & Canada. Floorplan financing programs for retail & wholesale automobile dealers.
Call 888-345-0600

■ ASC Warranty

A nationally recognized company with an excellent reputation that dates back to 1986
Call Clayton Morgan, 800-422-7116

■ AUL Corp

Premier Service Contract Company offering dealers the opportunity to increase profits and satisfy their customer needs for quality vehicle protection. Represented in Ohio by Innovative Dealer Services.
In Ohio call, 740-492-4138

■ Autotrader.com

Our solutions give dealers the exposure to reach the largest audience of in-market car shoppers with cost-effective advertising solutions.
weworkforyou.com or call 877-627-9585

■ AutoZone

We are offering an Auto Parts Discount Program for NIADA/OIADA Members Only. Customized program to fit all your needs with discounts unsurpassed in the industry.
Call 614-475-2621

■ Benefits 1 Group

Join our group discounted pool! Members can save up to 53% on your workers compensation premiums.
Call: Mike Brown, 877-765-4200 ext. 270

■ Cars.com

Cars.com is dedicated to providing dealerships with comprehensive resources and training that will ensure their success in the online world. Cars.com keeps you aware of the latest trends in the online automotive world.
Call 800-298-1460

■ Car-Ware

The Dealer Management Software (DMS) that does everything you need to do, plus a unique accounting integration with QuickBooks!
Call Lynn, 855-504-5949 ext. 80

■ Chapanars Quickeys

The best quality service for all of your vehicle key needs!
Call Daniel, 855-244-7539

■ Comsoft

We have been specializing in Dealership Management & Marketing Software Solutions (DMS) since 1971.
Visit comsoft.com or call Chip, 800-849-3838

■ EMS

Electronic Merchant Systems (EMS) provides the best opportunity in the state to accept credit cards at your dealership with the best retail dealer rate available.
Call 866-845-6025

■ Guardian Life Insurance

People are at the heart of everything we do. Individuals, families and business owners put their trust in us to protect the people who matter to them. And we make it a point never to forget that.
Call 614-516-4009 or mark_mesewicz@glic.com

■ Intellinetics

Don't put your files in a cabinet, scan them into the next generation of storage facilities. For information
Call 614-921-8170

■ Lease It Own It

BHPH Dealers have discovered the many different advantages of a Lease to Own Business as compared to the standard BHPH Programs available.
Contact Rick or Rob, 614-395-5363

■ Mighty Distributors

Full Service Program with Tier One OEM quality auto parts from the world's leading global manufacturers, a true two step distribution from the manufacturers to professional installers.
Contact Jeff, 614-252-6000

■ The Milby Group

Providing F&I Auto Sales & Management Training, vehicle service contracts, Limited Warranties, Certified Programs, Gap, BHPH Gap, VSI and Credit Insurance. We provide a multitude of services for all your dealer needs.
Call 740-652-9942

■ NextGear Capital

With pioneering technology and a total commitment to customer service, NextGear Capital empowers dealers to floorplan vehicles from anywhere, at any time.
Call 888-969-3721

■ PassTime

PassTime has supported & enhanced the Special Finance Industry through the implementation of high-tech Payment Assurance & GPS solutions that improve customer payments.
Call 877-727-7846

■ Pro-Credit Express

Providing the fastest & easiest total solution for all your credit bureau & compliance needs. We provide all 3 credit reports at a fraction of the cost! All sign-up fees are waived for OIADA Members.
Call Vince, 330-904-9303

■ ProGuard Warranty

Provides a full menu of vehicle service contracts to the Independent Car Dealer. It also provides a variety of ancillary products. As a dealer partner, you have access to increased revenue opportunity.
Visit proguardwarranty.com or call 877-474-9462

■ Stolly Insurance

Special Insurance program for all the needs of the independent automobile dealer. Garage Liability call Sarah, 614-795-3368; Health Insurances call Randee, 419-227-2570

■ Usedcars.com

We are one of the leading providers of used car leads, offering dealerships access to more than 20 million in-market buyers monthly, free inventory listings on top auto sites.
Call 877-894-5062

■ Vantage Finance

Turn-key F&I solution for dealerships that generates revenue without the overhead costs & compliance headaches of traditional F&I operations.
Call 402-315-3329 or info@vanatagefinance.com

**Ohio Independent
Automobile Dealers Association**
2040 Brice Road, Ste. 110
Reynoldsburg, OH 43068

SAVE THE DATES FOR THESE EXCITING EVENTS!

March 11

**Annual Poker Tournament
York Country Club**



July 15

**OIADA Annual Golf Outing
York Golf Club**



October 22

**OIADA Expo & Convention
Nationwide Hotel &
Conference Center**

