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## AutoDealer

SPRING 2011 • VOL. 5, NO. 1







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The Magazine of the

## American International Automobile Dealers\*

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#### From the Chairman's Desk

INCE OUR ANNUAL MEETING IN FEBRUARY, AIADA has been surging forward in its efforts to protect and promote dealer interests in Washington, D.C. As I told our members in San Francisco, success has made us an economic engine for the United States, but it has also made our industry a target. Fortunately, AIADA has been up to the challenge of advancing the legislation and accords that protect our stores and working with legislators to reshape the bills that could put us, and our employees, out of business.

This spring, as Congress and the White House battle over the federal budget, AIADA is focusing its attention on improving the public's perception and understanding of our industry. We recently launched a new website, www.WhatIsAnAmericanCar.com, meant to identify, for both the public and lawmakers, the immense investment international manufacturers and dealers make in the United States. Please, visit the site and share it with your employees, friends, and customers.

In the battle against anti-import and anti-trade rhetoric, the facts are our best weapon. And the facts show that more international brand vehicles are being designed, built, and sold here than ever before. In fact, according to Cars.com, the two most "American" vehicles sold in the United States in 2010 were the Toyota Camry and the Honda Accord.

Facts like that, combined with the information found on our new site, are making a big impact in this economic and political climate.

In addition to helping shape the international dealer's public profile, AIADA has also been hard at work planning our 5th Annual International Auto Industry Summit in Washington, D.C. This year's summit will feature a panel of representatives from leading manufacturers and remarks from members of Congress, former Minnesota Governor Tim Pawlenty, and Pulitzer Prize winning auto journalist Paul Ingrassia. As always, we will cap the event with visits to Capitol Hill to meet with lawmakers.

I have always viewed AIADA's Summit as one of the simplest and most impactful ways for a dealer to make a mark on Washington. Register today for this year's event, and be confident that you are doing all that you can to protect your livelihood in Washington, D.C. This is your chance to get involved and stay engaged!



P. R. med

Jim Smail

### American**International Automobile**Dealers

bile Dealers Association is the only national lobbying force in the United States dedicated exclusively to the economic and political interests of America's international nameplate automobile dealers. AIADA was founded in 1970 in order to increase plate automobile industry's value to the U.S. economy. The association serves as an advocate for the industry before Congress, the White House, and federal agencies. It focuses its lobbying efforts on trade and anti-competitive restrictions that limit the availability of international nameplate automobiles, full repeal of the Death Tax and other tax measures, affordable health care, labor issues, energy, fuel economy policies that constrict consumer choice, and other industry-related matters.

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## The Way We Drive Now

#### There's a Reason Washington Can't Get Americans Out of Their Cars

BY FRED BARNES

or most Americans — make that most of mankind — the car is an instrument of mobility, flexibility, and speed. Yet officials in Washington, transportation experts, state and local functionaries, planners, and transit officials are puzzled why their efforts to lure people from their cars continue to fail.

The Obama administration is only the latest to be bewildered. It has proposed every alternative it can think of to the car: high-

speed rail, light rail, mass transit in general, bikeways, bus lanes, walking paths, the return of streetcars. Transportation Secretary Ray LaHood has embraced the "livability" movement, which is anti-car.

Those are just the positive attractions. There are punitive policies, too, both active and passive. Urban growth boundaries have put a virtual wall around cities like Portland, Ore., to prevent sprawl and the cars that come with it. Limits in many locations on parking lots and on-street parking discourage the use of cars. Refusal to ease traffic congestion by building more roads and inertia in the face of rising gasoline prices make driving a car less appealing, even if those policies are not pursued with that purpose in mind. Restricted lanes for buses and bikes often infuriate urban drivers.

President Obama and LaHood have also tried persuasion and hype. In his State of the Union, Obama touted high-speed trains accessible to 80 percent of Americans, as if the country should be clamoring for them. LaHood envisions soothingly "livable" neighborhoods with "affordable housing next to walking paths and biking paths."

The simple fact is most people prefer to travel by car because it's convenient, which mass transit rarely is. They can go from place to place directly, choosing their own route and schedule. They can do so day and night.

They can stop as frequently as they wish for any reason (do errands, drop off kids, etc.). This phenomenon has a name: freedom.

Subways made sense decades ago — when jobs were concentrated downtown. Now 90 percent of jobs are outside the downtown in the top 50 urban areas, where mass transit can't compete with cars. Now the average commute by car takes half the time of mass transit.

Since 1982, when the Highway Trust Fund began to pay for non-highway projects, more than \$200 billion in federal dollars has been

Most people prefer to travel by car because it's convenient, which mass transit rarely is.

spent on urban mass transit. Total spending at all levels of government has reached \$1 trillion (in inflation-adjusted 2009 dollars). The result: Transit's market share of urban passenger miles has fallen from 2.5 percent to 1.6 percent.

Washington is a special case. Roughly 19 percent of the jobs in the Washington urban area are downtown. Not surprisingly, the Metro rail system experiences high ridership and, according to transportation consul-

tant Wendell Cox, "represents transit's best chance for removing cars from the road." Despite massive traffic congestion, few have been.

More broadly, there's no evidence anywhere in the United States — or the world, for that matter — that investment in mass transit in recent decades has reduced congestion. At the same time, the price of mass transit goes up. The price tag on the proposed high-speed rail line between San Francisco and Los Angeles has risen from \$43 billion to \$65 billion over the past two

years. No wonder three governors — Scott Walker of Wisconsin, John Kasich of Ohio, Rick Scott of Florida — have cancelled high-speed train projects.

So who's to blame for the overwhelming preference for automobiles over mass transit? Do Americans have an irrational love affair with cars? No. A car not only saves time, it's safe, increasingly fuel efficient, and less polluting than ever. True, emission standards are a government intrusion loathed by conservatives. But they work.

Cars and drivers, sad to say, don't function in a free market world. Both are highly regulated, sometimes for good, sometimes not. If the law of supply and demand were operative, we'd see a smarter approach to improving transportation in America. The supply of cars would create a demand for more roads and bridges to accommodate them, just as food lines outside a grocery store create demand for more grocery stores.

Instead we get more mass transit, demand for which is imperceptible, and fresh rounds of confusion among officials whose plans are destined to come to naught. AD

Fred Barnes is executive editor of *The Weekly Standard*.

Edited for space constraints. This article originally appeared in *The Weekly Standard* on March 7, 2011

## How Can Lands' End Help Drive Your Business?

ou put a lot into your business. Making sure it looks great inside and out. Ensuring that the vehicles are shown to their best advantage. But a dealership is more than plate glass windows and high-intensity lighting. It's the people in it—and how they present themselves. In short, it's about creating a strong, positive brand identity from top to bottom.

Lands' End is the go-to source for brand-boosting apparel and promotional products. From team uniforms right for every facet of your operation — from your sales team to back office and service crew — to the perfect customer rewards, we'll help you make the most of every contact with both your existing and future customers.

Just like adding options and accessories on a car, Lands' End lets you build a uni-

form program that's all about choice. Our broad color assortment lets you create a unified theme. And our precise color matching and a wide range of styles — with distinct fits for men and women lets you set just the right tone from sales to service. Whether you lean toward sporty or sophisticated, your team will look neat and professional. No minimums on apparel purchases means you can buy what you need, when you need it. And ordering's a snap. We'll even help you set up a custom store online -

and stock it with products and logos of your it! With our wide range of promotional prodchoosing. it! With our wide range of promotional products (we've shown just a sample here), you'll

We have ways to make customers part of your team, too. Imagine their delight when you present them with a distinctive travel



mug, key ring, or blanket (with your logo) when their vehicle is delivered. Or handing a first-time service customer a mini tire gauge or flashlight for the glove box. Want to take it beyond the dealership? Enhance your sponsorship of charity, sporting, or arts events with distinctive prizes or giveaways. The winners will carry your logo — and thank you for

it! With our wide range of promotional products (we've shown just a sample here), you'll find items that can fit just about any budget and fulfill any program (don't forget about employee incentives as well!).

Finally, keep in mind that everything you get from Lands' End is backed by the best promise of satisfaction in the industry: Guaranteed. Period.® That means if you're not satisfied with any purchase, at any time, it can be returned for an exchange or refund of the purchase price. Even items that have your logo on them. No questions. No hassles. And never any worries for you.

What's that old saying? "The front end gets the business, the back end keeps the business." From every angle, Lands' End is ready to help everyone in your dealership keep his or her part of the bargain. AD

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## 112th Congress Makes Headway

he 112th Congress is in full swing. Member offices are fully staffed, all committee assignments have been handed out, and the committees have begun to hold hearings on topics ranging from Environmental Protection Agency (EPA) regulations to President Obama's trade agenda. AIADA is keeping a watchful eye on the issues affecting dealers.

#### **Free Trade Gains Momentum**

This spring, AIADA has seen a heightened focus on free trade, which is good news for international dealers. The U.S.-Korea Free Trade Agreement (KORUS) is expected to head to Congress soon. It is a step in the right direction and long-overdue. However, U.S. Trade Representative (USTR) Ron Kirk indicated recently that pending trade agreements with Colombia and Panama are still languishing due to issues raised by the Obama administration.

The House Ways and Means Committee began the trade debate on the Hill by holding the first of its two hearings to-date at the end of January. In early March, the Senate Finance Committee followed suit by holding a hearing with USTR Kirk focusing on the recently unveiled trade agenda from the Administration.

During the build up to the March hearing, Ambassador Kirk urged Congressional leaders to move forward solely on KORUS "without delay." House Ways and Means Committee Chairman Dave Camp (R-Mich.) has indicated his dedication to ensuring all three pending trade agreements are considered by Congress by July 1 of this year. Many other members and senators have signaled their support for moving all pending FTAs, and signs point to Congress taking action on these agreements soon. Since his State of the Union address, President Obama has tried to build his relationship with the business community via trade-friendly messages. All sides appear to recognize the importance of the global economy and the economic benefits

that come with robust trade policy.

#### SBA Floor Plan Financing Re-Launch

The Small Business Administration (SBA) announced in early February that it has restarted its floorplan financing program for small dealerships. The re-launch increases the loan limits from \$2 million to \$5 million which was increased in the final version of the continuing resolution (CR) that passed at the end of the 111th Congress. The improved process took into consideration



many concerns that were brought to the attention of the SBA by dealers and lending institutions.

#### **E15 Amendment is Approved**

Representative John Sullivan (R-Okla.) proposed an amendment to the House spending bill preventing the EPA from using appropriated funds to increase the amount of allowable ethanol content in gasoline to 15 percent (E15). The amendment would halt the EPA's rush to push E15 until further testing of its impact on vehicles can be completed. The Sullivan amendment to H.R. 1, the House Continuing Appropriations Act, passed by a vote of 286-135, just before the House adjourned for their February congressional recess. AIADA joined industry advocates in signing a letter which was sent to Speaker John Boehner and Minority Leader Nancy Pelosi that brought the ill-timed introduction of E15 to their attention and urged their support for the Sullivan amendment.

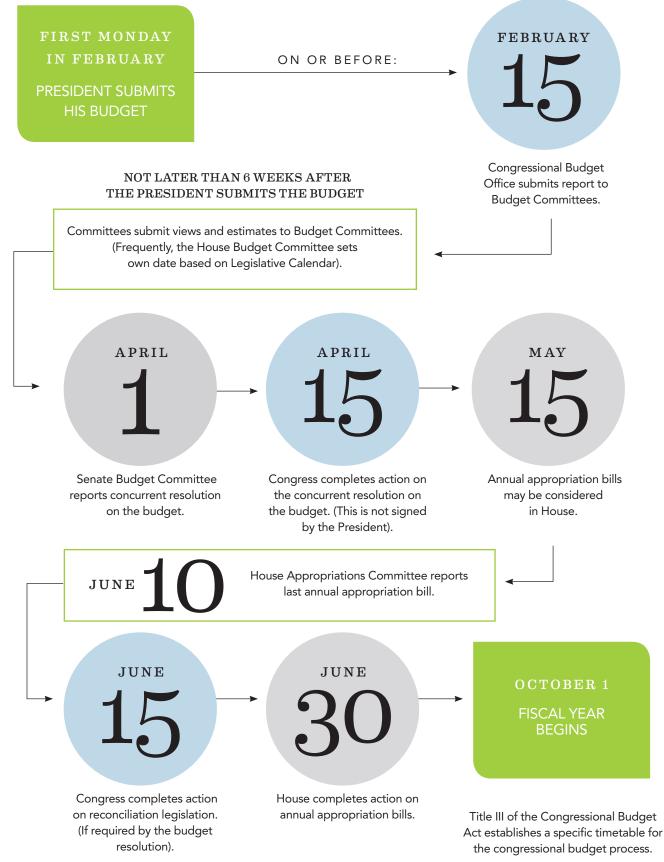
#### The Continuing Resolution and the Federal Budget

Representatives and senators are still trying to wrap up the Fiscal Year 2010 (FY 2010) budget process that was left unfinished during the 111th Congress. At this time, a continuing resolution (CR) is in place to keep the government open. Negotiations are underway to finalize the budget or pass another CR to avoid a government shutdown.

While FY 2010 funding is still unfinished, the process for FY 2011 has already begun. As anticipated, the debate is focused on deficit reduction and cutting spending. The budget process can be a confusing one and many continue to question the ability of Congress to complete such a tedious process in the timeline currently laid out by the Congressional Budget Act. However, until the new legislation is enacted, Congress continues to struggle to get its work done on time. For more information on the congressional budget process, please see the chart on the next page.

For the latest happenings in Washington and on Capitol Hill, visit www.AIADA.org/the-issues. AD

#### TIME-TABLE OF THE BUDGET PROCESS\*



## Dealers Take Advantage of Dealer Visit Program

LEGISLATIVE

ACTION NETWORK

Dealers Making an Impact

any AIADA dealers have taken advantage of AIADA's Dealer Visit Program during congressional recess periods. During February's recess, two New Jersey dealers — current AIADA Treasurer, Larry Kull of Burns Kull Automotive and AIADA Past-Chairman, Rick DeSilva of Liberty Subaru — invited their members of Congress to pay a visit to their stores.

DeSilva invited Rep. Scott Garrett (R-N.J.) to visit his recently-moved and remodeled Subaru store in Emerson, N.J., which opened

late last year. Rep. Garrett, along with several executives from Subaru of America and Subaru Distributors Corp., toured his new facility and gathered for a discussion in the showroom. This discussion period gave DeSilva and his associates a chance to speak

with Rep. Garrett on a variety of concerns and issues facing dealers today, such as government over-regulation, pending free trade agreements, and health care.

During a recent visit to the Burns Kull Automotive Group in Marlton, N.J., newly-elected Congressman and former NFL pro Jon Runyan (R-N.J.) toured the facilities and met with customers and employees.

The Burns Kull Automotive Group operates Honda and Hyundai dealerships in Rep. Runyan's southern New Jersey district. Kull invited Rep. Runyan to visit during the congressional recess period in late February.

Many others have reached out to AIADA to schedule a dealer visit with their member of Congress. This spring, Judith M. Krupnick of Cherry Hill Volvo, Peter Maher of Mid-Hudson Subaru, AIADA Board Member Jeff Morrill of Planet Subaru, and Roy Sommerhalter Sr. of Park Ave BMW have all requested assistance in planning a dealer visit.

AIADA's Dealer Visit Program is the best

way to start a new relationship and/or strengthen an existing one with your federal legislators. Once you register for a dealer visit you will be guided through every step of the process, from inviting your representative through completion of the visit. AIADA

looks forward to working with many dealers to coordinate dealer visits throughout the

For those interested in hosting your member of Congress at your store, please contact Shannon Scott, Manager of Grassroots and Government Relations at grassroots@AIADA. org or 703-519-7800. You may also request a dealer visit by visiting www.AIADA.org. AD

#### What is a Congressional Recess Period?

A congressional recess period, sometimes called a district work period, is time designated by the House and Senate leadership for members of the House and Senate to spend time working in either their state or district. Most members of Congress spend this time traveling their district or state, visiting with constituents, holding town hall meetings, and working out of their district offices. The 112th Congress has about one week each month set aside for a congressional recess.

Upcoming Congressional Recess Periods (Monday – Friday)

April 18-22 April 25-29

May 16-20

June 6-10

June 27-July 1



Rep. Scott Garrett met with 2010 AIADA Chairman Rick DeSilva at his dealership, Liberty Subaru, in Emerson, N.J.



AIADA Board Member Larry Kull hosted newly elected Rep. John Runyan (R-N.J.) his dealership.

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  - MVRs/Drivers' Standards
  - Distracted Driving
  - Hire, Screen, Retain
  - Managing the Ultimate Risk
  - -- Auto Dealer Claims Handling
  - -- Test Drive Procedures
  - -- Preventing Theft/False Pretense Losses
  - • Key Control Techniques
  - Employment-Related Practices Liability
  - Risk Managing Your
     Workers Compensation
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"Now I truly understand why my company needs to arrange for a designated risk manager and how to implement these policies."

"The Customer Loaners/Rentals session opened my eyes to the liability it is at our dealership."

"With distracted driving statistics what they are, our current driving program warrants review!"

"I feel this seminar is something most insurance companies would not do. I could personally relate to all the sessions. Meeting other auto dealers and sharing ideas was very helpful."

American International Automobile Dealers



# EYE ON THE EYE ON

FOR TOYOTA, THE BEST IS JUST AROUND THE CORNER



BY MARTY BERNSTEIN, AIADA Contributing Editor

or Toyota, 2010 brought a slew of recalls and challenges to its previously stellar reputation for quality and dependability. Recent months saw Toyota cleared by federal investigators of any electronic flaws in its acceleration system, and the company has worked rather successfully to regain the trust of consumers. Toyota's revitalization is well underway and it has a bevy of new products and strategies to prove it.

#### **Moving Forward**

"Reflecting back it [2010] was a challenging year for us, but we feel that we're in a really good position for '11 and moving into '12. Quite frankly we've learned a lot of valuable lessons. We're going to be a better company and an even stronger partner for our dealers because of the last year's events," said Bob Carter, vice president and general manager of the Toyota Division of Toyota Motor Sales, during a recent interview.

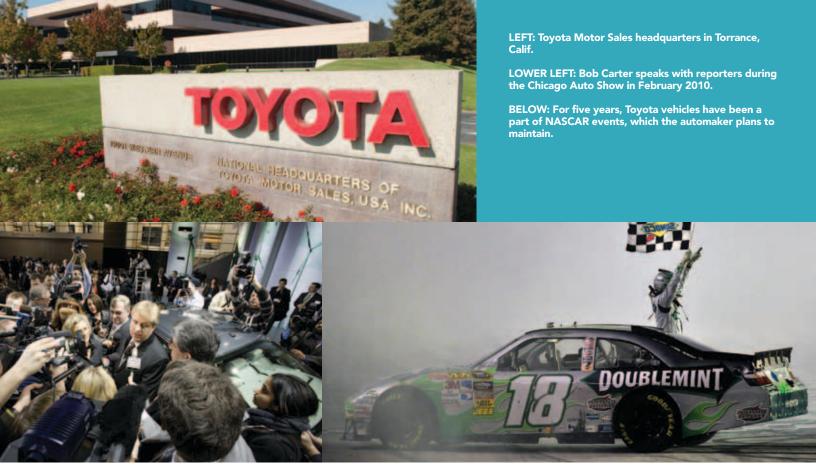
Toyota sales for the first two months of 2011 are up 36.3 percent over 2010. Passenger cars are up 32.8 percent, while trucks, minivans, and SUVS are up 41.1 percent. Its best-selling Camry continues to be the best-selling car in America with sales in February of this year up 64.4 percent over February 2010.

Toyota's responses to the recalls have resonated well with consumers. Carter made it clear that the crisis only strengthened the company's focus on consumers and dealers. "We are more focused on consumers than we have ever been as a business. And we're more focused on our partnership with our dealers." He emphasized that the focus will be even more apparent as Toyota moves ahead into the coming years with new products.

#### **New Advertising**

Toyota's strategy includes making its advertisements more engaging. Regional and local ads, as well as social media programs, will

continued on page 12



continued from page 11

use special financial programs available and other methods to bring customers into their dealerships rather than simply increasing brand awareness.

The creative concept for the advertising strategy is based, according to Toyota's media release, on "The brand's leadership position as the best-selling retail brand in America. The '#1 for a Reason' campaign will remind people why Toyota continues to be the top brand consumers turn to when buying a new vehicle."

#### **Future of the Prius**

According to Carter, Toyota plans to introduce seven new products this year. "Our investment is in future product[s] and technology . . . Many are new generation vehicles and there are a couple of mid-cycle enhancements, including the 2011 Corolla — which was introduced in January. And the iQ will launch this year with similar timing to the Prius V," he said.

Toyota led the way in alternative energy vehicles with the Prius hybrid in 2002. The vehicle's overwhelming popularity continues today as it occupies 80 percent of the hybrid vehicle market. However, in response to feedback it has received from customers, Toyota is in the process of expanding the Prius lineup.

First up: the Prius V, which, according to Carter stands for "versatile." He said, "It's the Prius XL and is family oriented. It's about the size of the many compact SUVs on the market, but a bit larger than the Ford Escape or Chevy Equinox, CR-V, or our own RAV-4." When describing the Prius V, he called it a "RAV-4 in interior packaging on a Prius platform."

Other members of the Prius family are also in the works, including a plug-in model, as well as a smaller version of the traditional Prius, which will be called the Prius C. Carter described it as a "city compact: smaller in terms of packaging, lighter in weight, higher MPG, with a lower price point."

#### The Changing Retail Sector

In addition to reaching out to consumers, improving its quality image, and bringing plenty of new products to market, Toyota has also been forced — just like its fellow automakers — to respond to the changing landscape of the U.S. auto industry.

When asked what the automaker is doing about leasing, used car sales, store upgrades, and customer retention, Carter explained, "As a company we are leasing between 26 and 30 percent of our volume, and that's a good, healthy level. That's the sweet spot and gives us a base of returning owners. We know the vast majority of leases are 36 months and our dealers do a great job of being able to maintain the relationship with the customer, which gives us another sales or leasing opportunity."

Carter sees the lease market returning in 2013 and 2014 thanks to a decrease in the supply of used cars. "We are anticipating the demand will not go away, but the supply will be shorter. The usual high resale value that Toyota commands will not only be stable, but will go up," he said, pointing to the company's focus on leasing as a "fundamental strategy."

#### The Role of Dealers

Dealers play a pivotal role in Toyota's overall strategy. Many automakers, Toyota has been in the process of upgrading its dealer facilities over the past several years. According to Carter, the company implemented its "Image 2" program five years ago, with 500 dealers having completed the required upgrades. He indicated he anticipates the program will be complete by 2013.

Dealer service operations are also getting a makeover under Toyota's plan, headlined by its new unprecedented "Toyota Care" plan, which includes a complimentary two-year or 25,000 mile maintenance plan with the purchase or lease of every new Toyota.

"Service is our high-growth area and a customer retentions strat-



egy. It's one reason why we recently introduced Toyota Care, our two year complimentary maintenance program," Carter said. "When our dealers have an established service relationship with a customer, the propensity of that consumer to return to that dealership triples. When a customer determines they're in the market for a new car, the odds triple in our favor."

#### **Changing Technology Trends**

As technology continues to evolve at a faster rate than ever, consumers expect their vehicles to keep pace. Automakers are on a quest to incorporate the latest and greatest infotainment trends into their vehicle lineups.

When questioned as to what Toyota plans to do to respond to infotainment systems like Ford's Sync system, Carter said the company is preparing to introduce one of its own this June — the Entune system. It will first be featured in the Prius family before being included in Toyota's entire model lineup.

Describing the system, Carter said, "Our system is app driven, like an iPhone or iPad or Android; just push the button and it works,

so it is very user friendly. Secondly, as new apps or updates become available they can be uploaded wirelessly. And it will be offered at a price point that is an exceptional value."

#### **Sports Sponsorships**

Sports and event sponsorships play a big role in the marketing strategy for many automakers. Toyota is no exception. Its attention has primarily been focused on motorsports, although it has also sponsored a range of other events like the Dew Tour (a winter sports event for professionals and amateurs)

and the Lifetime Fitness Triathlon.

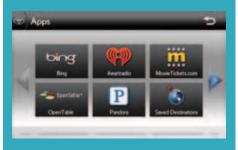
For five years, Toyota cars have been part of NASCAR events, a tactic Toyota plans to maintain. Carter cited an uptick in Toyota's favorability. "When we were first thinking about entering NASCAR, I went to several races and walked through the parking lots of the race venues. You never saw a Toyota. Today, after walking through the parking lots last week, there are Toyotas parked everywhere."

#### Impact of Japan's Natural Disaster

As Toyota prepares to embrace the future, it has been met with a new challenge as it assesses the impact of March's earthquake and tsunami on its operations and works to minimize their impact on its long-term global operations.

Speaking on the issue during a recent speech, Carter said, "The production situation remains extremely fluid and it's impossible to tell how long it will take to resume normal operations. We continue to assess our supply base in Japan following the earthquake/tsunami. We have communicated to team members, associates, and dealers here that some production interruptions in North America are likely.

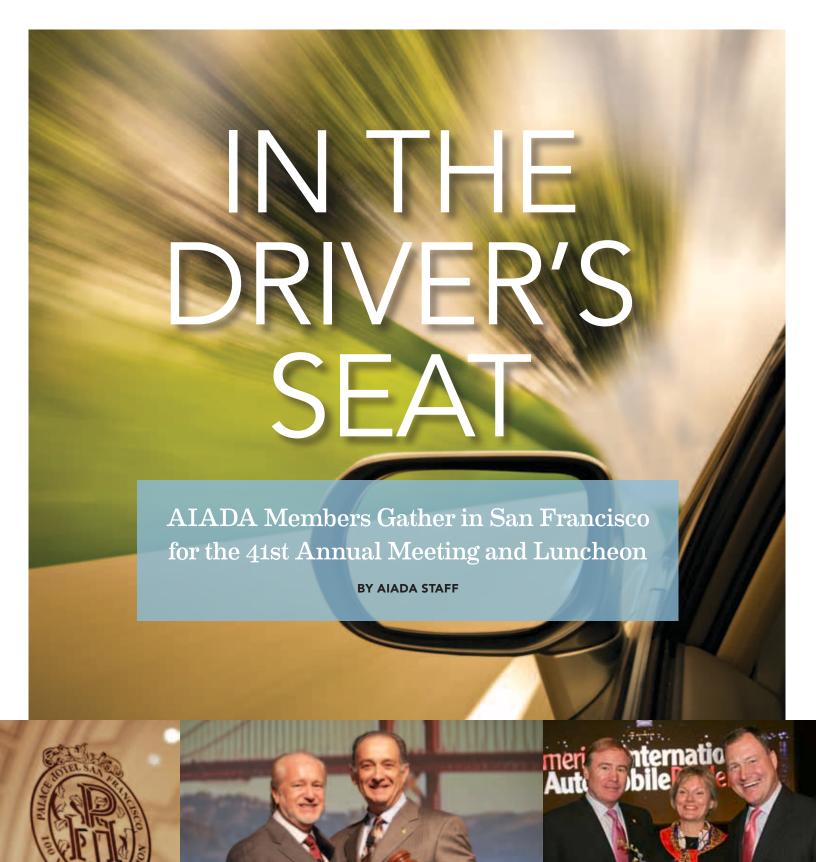
It's too early to predict location or duration."



Toyota's Entune system is app driven and will first be featured in the Prius family.

#### Conclusion

Toyota has met the challenges of the past several years head on and is now looking forward by bringing new leading products to market, listening to its consumer base, and working with its dealers to improve their presence. The future holds plenty of potential, and Toyota is already actively working to meet and exceed it. AD



AIADA held its manufacturers reception on Saturday evening at San Francisco's Palace

AIADA's 2011 Chairman Jim Smail of Pennsylvania accepts the chairman's gavel from 2010 Chairman Rick DeSilva of New Jersey.

NADA President Phil Brady, AFIT-PAC Executive Director Mary Hanagan, and AIADA President Cody Lusk. Lusk noted AFIT-PAC's 20th anniversary during the Annual Meeting. n February 7, 2011 over 400 dealers and industry leaders gathered at San Francisco's Marriott Marquis Hotel for AIADA's 41st Annual Meeting and Luncheon. The event featured a farewell to AIADA's 2010 Chairman, Rick DeSilva; the installment of 2011 Chairman, Jim Smail; the presentation of AIADA's 2011 David F. Mungenast, Senior Lifetime Achievement Award; and keynote remarks by American Honda

Vice President John Mendel.

The meeting's program opened as AIADA President Cody Lusk recognized the 20th anniversary of the dealer-led fundraising group AFIT-PAC. "A lot of work goes into making sure the interests of international dealers are heard on Capitol Hill. AFIT-PAC is an integral part of that effort,"

Lusk told attendees as he recognized the PAC's executive director, Mary Hanagan.

He went on to discuss 2010 AIADA Chairman Rick DeSilva's accomplishments over the past year. DeSilva helped steer the organization to several victories in 2010, including a fly-in of Toyota dealers last winter to petition Capitol Hill regarding unfounded unintended acceleration claims, the exclusion of dealers from summer's sweeping financial reform

legislation, and the election of an additional three dealer candidates to the House of Representatives in November's mid-term elections.

When DeSilva took the stage, he pointed out that AIADA's success in 2010 was due to the efforts of its dealer members. "For dealers, life in 2010 was full of uncertainty, but AIADA and its members have emerged in excellent shape," said DeSilva.

He concluded by urging members to

remain involved and to encourage their employees and fellow dealers to do the same.

Following lunch, DeSilva introduced AIADA's incoming 2011 Chairman, Jim Smail. As the president of Greensburg, Pa.-based Smail Auto Group, Smail oversees several dealer-

ships that sell and service the Acura, Honda, Kia, Mazda, and Mercedes-Benz brands. DeSilva described Smail as "a relentless advocate for our industry . . . Jim is truly the right man, at the right time, for the right job."

Smail opened by emphasizing the importance of AIADA's work in the nation's capital on behalf of dealers. "I truly believe that dealers need AIADA more than ever. I am continued on page 16



AIADA 2011 Chairman Jim Smail, Toyota Motor Sales Senior Vice President Don Esmond, and AIADA President Cody Lusk at Saturday evening's reception



Seaside, Calif. auto dealer Peter Blackstock receives AIADA's 2011 David F. Mungenast, Senior Lifetime Achievement Award.



AIADA Board Member Morrie Wagener, Hyundai Motor America President and CEO John Krafcik, and AIADA 2010 Chairman Rick DeSilva visit at AIADA's Saturday evening reception.

#### John Mendel: Dealers Are Key to Success

In keeping with the meeting's theme, American Honda Executive Vice President John Mendel used his keynote remarks to focus on the rise of international nameplate brands in the U.S. auto industry and what dealers must do to ensure they remain "in the driver's seat" in the years to come.

"I want to ask that you really consider the full implications behind the idea of being 'in the driver's seat,'" Mendel told the audience. "Certainly, it suggests the concept of hold-

ing a commanding position in a race. But in the days ahead you will have a choice to make: Whether to just enjoy the view from up front or to truly lead, by setting the pace and running your race!"

n-

For manufacturers like

Honda, Mendel said leading the race necessitates a focus on strong products and strategic sales practices. Honda has demonstrated its ability in these areas, leading in retail sales in five of seven vehicle segments last year. Sales for the year were up over 7.6 percent.

Clearly, Honda is doing something right. However, Mendel told dealers that often the key to success "is not what you do, but what you don't do." Honda has managed supply and demand and demonstrated a reputation for consistent sales tactics. The company also avoided fleet sales and incentive spending.

Furthermore, Honda recently adopted a new 2020 Vision with the goal "to maximize joy for our customers with speed, affordability, and low CO2 emissions." According to Mendel, this means Honda "must evaluate our entire operations against this challenging standard, and strengthen our original Honda spirit in order to fulfill it."

continued on page 16







AIADA President Cody Lusk, NADA President Phil Brady, Katie Brady, and American Honda Executive Vice President John Mendel and his wife, Luan.

Leaders from the industry at Saturday evening's manufacturer reception.

#### cotinued from page 15

Coming full circle, he told dealers that they are the key to the international nameplate auto industry's success. "You are more than simply the face of our brands. You should be our eyes and ears. Because we place great value on such input from dealers."

The key to remaining in the driver's seat is simple: Dealers must remain engaged with their customers. Although sharing the values of their respective manufacturers is essential, Mendel urged dealers to develop their own unique dealership values and convey them to the customer as well. "It's your core values knowing who you are and what you care about — that provide flexibility in your decision-making to take quick action . . . or not. Again, sometimes the best decision is to keep your powder dry."

But, he cautioned, dealers must realize that they are leaders in a position of incredible responsibility. "To fulfill this role, you must be involved in everything that impacts your business. This is where the strength and value of AIADA becomes invaluable to vou." he said.

Mendel cited the late dealer Dave Mungenast, Senior — the namesake for AIADA's annual lifetime achievement award — as a model for dealers. "Driven with passion for the people and things he loved and believed in, Dave was family based, community based, Honda based, and politically based — and a real leader for the international industry before we were leaders . . . Let's continue to follow Dave's example, and do what it takes to stay in the driver's seat." AD

continued from page 15 energized and really excited to continue our

association's crucial mission in Washington, D.C."

He described the government's involvement in the auto industry in recent years, citing the bailout of GM and Chrysler, sweeping new fuel efficiency standards, Congressional investigations, attempts to place a heavy

regulatory burden on America's dealers, and unionizing Card Check legislation.

Smail's goals for AIADA in the coming year include a push for global trade and passage of the U.S.-Korea Free Trade Agreement (KORUS), as well as fair tax policies. Most importantly, Smail declared AIADA's dedication to always "be prepared for the next attack against one of our brands."

He reminded the

audience that the success international brands have enjoyed in recent years is viewed by some as a threat. "Let's not kid ourselves. Not everyone in Washington is happy to see what we have accomplished over the past decade." But, he added, "AIADA is our best defense, and our strongest offense in Washington."

Smail concluded by urging dealers to get involved in AIADA's advocacy efforts. Joining the Legislative Action Network, traveling to Washington to participate in AIADA's 5th Annual Auto Industry Summit, and supporting AFIT-PAC are just a few ways dealers can make their voices heard where it counts.

"These things make a difference. These are the things that got us where we are today. And if we can keep up the momentum, and keep the pressure on, these are the things that will get us through this year in better shape than

The meeting's program continued with the presentation of the 2011 David F. Mungenast, Senior Lifetime Achievement Award

> to Seaside, Calif., auto dealer Peter Blackstock. The owner of Victory Toyota and Lexus Monterey Peninsula, Blackstock was praised for his outstanding commitment to his family, community, and business.

> Blackstock is an original founder of AFIT-PAC, serving as the committee's chair-

man between 2007 and 2009. He also served as President of the California Motor Dealer Association and as a director of the National Automobile Dealers Association, AIADA President Cody Lusk said that Blackstock "has achieved the

American Honda Vice President John Mendel provided the capstone to this year's Annual Meeting and Luncheon with his keynote address. He reminded dealers of what must be done to maintain the success international brands have enjoyed in recent years and drove home the message of AIADA's role in preserving and protecting the interests of international dealers in Washington. See the

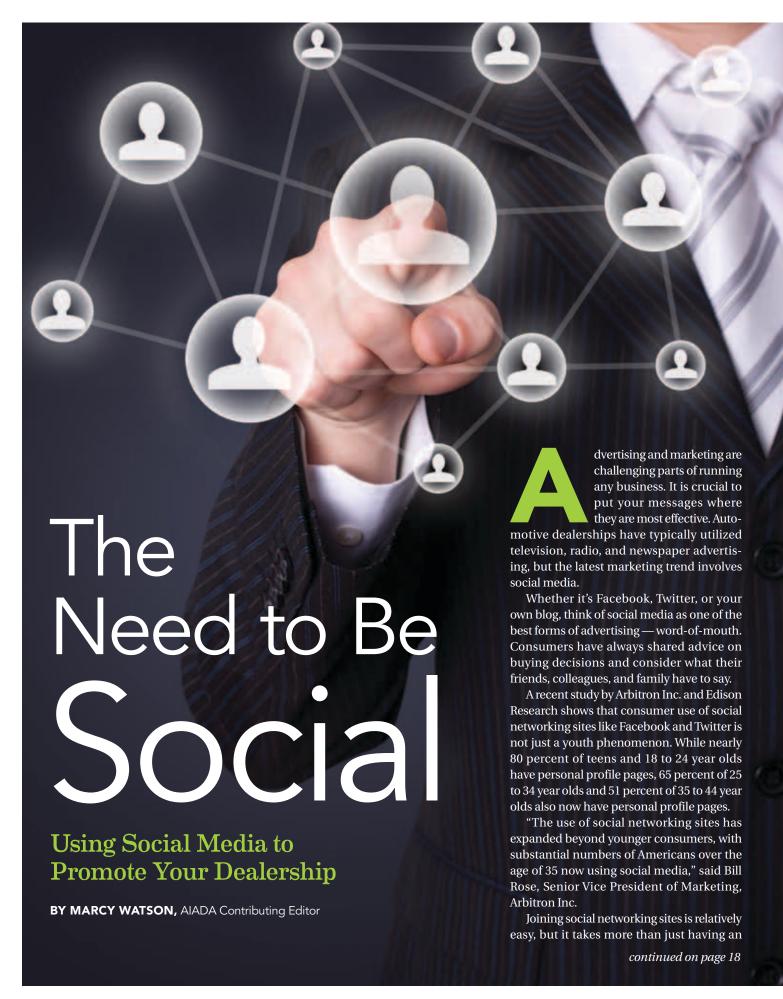
sidebar for details on Mendel's remarks. AD

admiration of his peers and achieved success

in nearly every aspect of his life."



AIADA President Cody Lusk, 2011 Chairman Jim Smail, and 2010 Chairman Rick DeSilva.



#### continued from page 17

account or setting up a blog. How do you make them work for your business? Here are some strategies to help you get the most out of using social media to connect with consumers:

#### **Target Your Audience**

As with any marketing, you must know the audience you are trying to reach.

**HOW DO I USE IT?** 

FACEBOOK: An online networking

TWITTER: A network of users that

BLOG: Short for "web log," a blog

The difference between social and traditional media is in the approach. The "social" in social media means you must be more conversational. It is also crucial that you speak in your audience's language. Remember to use terminology that they will recognize and understand. For instance, if you're discussing maintenance services, don't use the term "LOF." You may know that it means a lube, oil, and filter change, but your customers likely won't.

#### Provide Useful Information

Your customers look to you as an expert on their vehicles.

This is your chance to solve your readers' problems so you have to ask yourself: "What do my customers really

want to know?" The key is to remember that social media is about a conversation, not a sales pitch. It is better to show your automotive expertise rather than run on about your products and services. That is not to say that you can't mention them, but it is better to offer a story about how to improve gas mileage rather than just talk about your new fuel efficient vehicles.

The content does not have to be long, but it needs to be on point. By keeping content valuable, you will gain followers and fans who trust your information and know that if they visit your site, it won't be a waste of their time.

#### **Be Authentic**

Don't try to be something that you're not. This is your opportunity to create a relationship with your readers. They will know if you are faking your knowledge or if you put too much emphasis on you or your business rather than on their needs. They will also recognize whether or not you are regularly involved in the content.

Think of it like you would a dating site. You've likely heard the stories where the description in the profile doesn't match up to the real person. It turns people off and, if you get caught, it could ruin your company's reputation.

#### **Create the Content**

One of the hardest decisions to make regards who will create

#### WHAT IS IT?

Forms of electronic communication (as web sites for social networking and micro-blogging) through which users create online communities to share information, ideas, personal messages, and other content (such as videos).\*

\*Merriam-Webster

the content. You may want to do it yourself or you may want several people in your organization to participate. There is also the possibility of hiring a firm to handle your social media. Again, it is

important to be authentic, so if you choose to use an outside firm, be sure they understand your business as well as your goals for your social media efforts and monitor what they are putting out in your name.

It takes more than just writing a few paragraphs. You will need to gather information, write, and distribute the content so you must determine who in your company will be responsible for your social media efforts. Bear in mind that whatever plan you set for yourself or your staff, it will no doubt require more time than you think, particularly when you first get started.

According to the recent 2010 Social Media Marketing Industry Report, most business owners can maintain a reasonable social media presence in six hours a week. That includes research and production time.

#### **Develop a Plan**

To make your social media efforts easier and more efficient, you should develop an editorial calendar. This calendar should list the content by date and topic.

You may also want to add keywords to your calendar, so you know which words you should be including in your content about a given topic. Keywords improve your search engine optimization (SEO), which means your site comes up higher when people are searching for that

information. Google AdWords (www.google.com/AdWords) and Wordtracker (www.wordtracker.com) both offer free tools to help you find the most valuable keywords for your subject.

Don't feel like you have to post content every day to create an effective presence. Find a timetable that makes sense for your business. Remember, quality is always better than quantity. If you can't maintain the quality level of your content at the rate you're aiming for, then reduce the frequency until you can. Keep in mind that if you are only tweeting once a month or posting content on Facebook

every few months, you will lose followers and compromise your social

media efforts.

If done well, social media is a great way to build relationships with customers. The good news is these sites give you flexibility to try different strategies. If something doesn't work, tweak it or try something completely new. Just remember that whatever you do with social media, be authentic and regularly provide information that your target audience can use. AD



## Dealer Spotlight

#### **HOWARD HAKES** >> COO, Hitchcock Automotive Resources, Southern California

Howard Hakes is a new member of AIADA's board of directors. who has been involved in the auto industry since 1991. He is now the COO of Hitchcock Automotive Resources, which spans several southern California dealerships, including Mazda of Puente Hills, Puente Hills Toyota, Northridge Toyota, Toyota of Santa Barbara, South Bay BMW, South Bay Mini, and BMW of Vista. In addition to Hitchcock Automotive's involvement in the communities where its dealerships are located, Hakes sits on several boards, including the Los Angeles County Sheriffs Youth Foundation and the Crescenta Valley Drug and Alcohol Prevention Coalition.

#### When did you first get involved with AIADA and whv?

I have always been very

involved in politics on a local, state, or federal level. I was introduced to AIADA in 1992 when Mr. Hitchcock was chairman and invited me to attend the conference. Ever since then, I have been involved at a grass roots level with any issue that affects our industry or our employees.

#### What do you believe is the most important factor(s) in running a successful dealership?

This business is 100 percent a people business. As much as we try to automate it with computers and software it always comes down to a sales consultant or service advisor meeting and greeting the dealership's clients. I spend more time with my team than with my family some weeks. You have to build a strong team from the top down and make sure everyone is on

the same page regarding what the goals are everyday. Failure is not an option. My dad taught me long ago that "People don't care how much you know, until they know how much you care". This has always stuck with me in leading a team; as the leader if you are not 100 percent committed to the project, why should anyone under you be?

#### What is one thing you would like lawmakers to know about your business?

That we as new car dealers represent about 25 percent of retail sales in the country, and as our business goes, so goes the economy. I think a lot of lawmakers still don't understand the impact that Toyota, Honda, BMW, and other international brands have on America's economy and the employees that represent these franchises. I would



Howard Hakes

love to take a few lawmakers to San Antonio, Texas, and let them see what an impact Toyota has had on that local economy.

#### What is the smartest choice you have made as a dealer?

Getting involved in the community. We as dealers spend millions of dollars on advertising, hoping that it brings people in the door, whereas the word-ofmouth advertising you get by helping out the local Girl Scout troop or school is priceless and keeps coming back to you as long as you are taking care of the customers.

#### What is your personal "dream car"?

I have always loved the Mustang and drove the 2011 Mustang Saleen S302 Convertible. I thought that would be a great "Sunday drive down the coast" car to have in the garage. AD



Hitchcock Automotive Resources

## Dealer Spotlight

#### PAUL RITCHIE >> Owner, Hagerstown Honda & Hagerstown Kia, Hagerstown, Md.



Paul Ritchie started selling cars in 1976 at Richmond Ford in Richmond, Va. He went on to work for Ford Motor Co. and American Honda Motor Co. before opening Hagerstown Honda in 1990 with his late partner and friend, Wilson Howes. In 1997, they added a Kia dealership and began planning their third Honda facility. Like many dealers, he credits his father with



Paul Ritchie

his interest in the auto industry. Ritchie's industry involvement goes well beyond the dealership; he has served on the National Honda Dealer Advisory Board, as chairman of the Maryland Automobile Dealers Association, and now sits on AIADA's board of directors.

## When did you first get involved with AIADA and why?

I have been a member of AIADA since we opened, and over the years I have gotten to know many great dealers such as Al Courter, Jim Smail, Dave Conant, Jack Fitzgerald, Richard and Larry Kull, and Art Wright. They all helped me realize the importance of free trade and protecting the international dealer. The events of the last three years have shown that international dealers and manufacturers need to be organized more than ever.

#### As a dealer, what has been your biggest challenge?

Dealing with our growth over the years. Our MAP, or planning volume with Honda, started out at 178 vehicles per year in 1990. It was recently changed for about the fifth time to 2,400 vehicles per year. It has been a



challenge delivering the same or better customer service as our business grew. I am very proud of what our people have accomplished.

## What is one thing you would like lawmakers to know about your business?

Our contribution to the community through jobs, taxes, charity work, and the services we purchase for other members of the community. Too many law-makers still think we are factory owned operations and not independent business people with everything on the line each and every day.

## What do you hope to see accomplished during the 112th Congress?

It is very important that our trade agreements be completed very soon. The automobile business is an international business, one of the few still building plants and creating jobs in America. I think every member of Congress should visit Marysville, Ohio or West Point, Ga., and see what Honda and Kia

have done to those communities in terms of jobs and restoring a way life.

## What is the smartest choice you have made as a dealer?

Tough question, but it is either building two ground-up buildings for Honda or taking on Kia. Both were leaps of faith that paid off very nicely.

## What are some ways you're "greening" your dealership operations?

We are recycling so much more these days; everything from used tires, cardboard, waste oil, and pounds of paper. In addition, we have been changing our lighting in stages to more energy efficient lights.

#### What is your personal "dream car"?

I have great memories of both Corvettes and Mustangs, but the GT 500 probably ranks number 1. AD

## Dealer Spotlight

#### ROBERT E. COCHRAN >> President and CEO, #1 Cochran Automotive, Monroeville, Pa.

Rob Cochran joined #1 Cochran Automotive in 1987 as executive vice president. Today, as President and CEO, he oversees a company that has received various industry accolades, including the 2010 Pittsburgh Business Ethics Award, the Hyundai Award of Excellence, the Subaru Stellar Performer Award, and the K-DEP (Kia Dealer Excellence Program) Award.

#### Please describe how you and your dealership are involved in your local community.

We support various charitable and community organizations including American Cancer Society, Junior Achievement of Western Pennsylvania, Juvenile

#### Are there any new additions to your business that you'd like to highlight?

We've taken on several endeavors over the past year and a half. These include our brand new eco-friendly collision center on our Robinson Township campus; our relocation of Kia and our two Hyundai franchises into newer, larger showrooms to better serve our volume of customers; and in Pittsburgh's South Hills we've opened an Infiniti dealership (our other Infiniti dealership is in Monroeville), as well as our first Volkswagen dealership.

This year, we'll undergo major expansions with new showrooms planned for multiple brands. We feel good about the



#1 Cochran Automotive

Diabetes Research Foundation, Family House Polo Match, Pittsburgh Zoo, Pittsburgh Civic Light Opera, and the Pittsburgh Public Theater. I also serve on the board of directors of the Pennsylvania Automotive Association, Family House, Pittsburgh Public Theater, Cancer Caring, and Junior Achievement.

fact that despite the challenging economic conditions, we continue to grow and expand our footprint, which is unique to our marketplace.

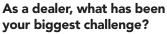
#### When did you first get involved with AIADA and why?

I can't say exactly when our

association with the AIADA began, but last year was my first opportunity to go to the conference [AIADA's International Auto Summit in Washington, D.C. The lobbying efforts are important to me.

#### What do you believe is the most important factor(s) in running a successful dealership?

Having high quality team members operating around a core set of values that align with the public's needs.



The evolution of our industry hasn't been as rapid as I'd like.

#### What is one thing you would like lawmakers to know about your business?

Over regulating has a negative impact on our business.

#### What do you hope to see accomplished during the 112th Congress?

I hope a pathway to fiscal discipline is established without adding additional burdens on business owners

#### In your opinion, how have events in Washington, D.C., impacted your business and employees?

More regulation and more tax restricts our ability to do business effectively, which in turn negatively impacts our team members.

#### What is the biggest mistake you have made as a dealer?



Robert E. Cochran

The biggest mistakes are the mistakes themselves. Generally, those mistakes result from being overly aggressive. You also have to accept that you are going to make some mistakes as you avoid being overly cautious. It's a fine line we never want to lose.

#### What is the smartest choice you have made as a dealer?

There have been a series of smart choices based on those people around me. Choosing who I have on my team supersedes any strategic choice.

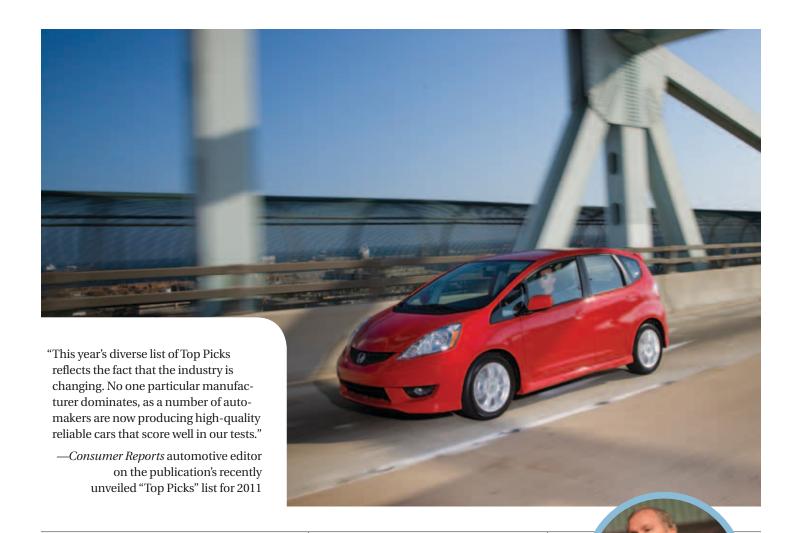
#### What are some ways you're "greening" your dealership operations?

Our collision centers feature PPG's eco-friendly waterborne paint systems which reduce volatile organic compound (VOC) emissions.

#### What is your personal "dream car"?

My dream car is a SOLD car. AD

### The Final Word



"While we wait, other countries are writing the rules of trade. While we hesitate, other countries are opening up markets for their workers."





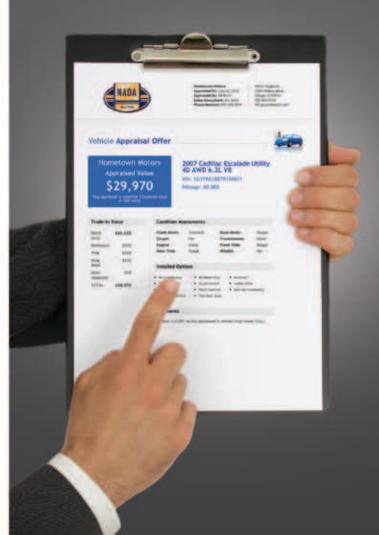
Great competition in business
— just like in sports — has
always pushed our economy
and country toward growth."

—AIADA 2011 Chairman Jim Smail at AIADA's 41st Annual Meeting and Luncheon "Being in the driver's seat is not simply about leading the race. You must also view it as a position of incredible responsibility."

—American Honda Executive Vice President John Mendel at AIADA's 41st Annual Meeting and Luncheon

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