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THE MOTOR DEALER REPORT FROM AUSWILD & CO
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NEWS & VIEWS FROM THE 100th NADA CONVENTION

NADA returned to New Orleans for its 100th Convention and Exposition with more than 23,000 new car and truck dealers and their employees attending this year's historic event at the Ernest N Morial Convention Centre. With the theme of "NADA 100", more than 500 companies showcased their latest products and services in the massive expo halls and attendees were offered 160 workshop sessions, with 68 new workshop topics to learn the latest trends and opportunities.

The strong economic growth that propelled new-vehicle sales to back-to-back record years in 2015 and 2016 is on pace to continue into 2017, said NADA Chief Economist Steven Szakaly during the NADA Convention and Expo. Szakaly sees sustained sales resulting from a number of factors including positive GDP growth, an excellent employment rate, rising consumer confidence, positive equity markets and stable oil prices.

"Our baseline forecast is for 17.1 million new vehicles for 2017," said Szakaly. "That's a slight decline of about 350,000 units, but it is still a very, very strong year. Fundamentally, I think consumers are at a point where the market, while not saturated, is now reaching a plateau, and that is why we are looking at sales declining from 17.4 million in 2016 to 17.1 million in 2017."

Car buyers have fundamentally changed since 1990 when Carl Sewell wrote his best seller "Customers for Life." They now shop fewer dealerships and they come in with more knowledge having researched the vehicles online. "But in the final analysis, they want somebody that cares about taking care of them, will take care of them and that they can trust," said Sewell at the Automotive News Retail Forum. Building a culture in which customers and employees alike experience that trust has been paramount to Sewell. Don't overlook those employees, he warns. "They are the people who take care of the customer and are responsible for ensuring that integrity, trust and respect are part of the dealership environment." When nurturing leaders within his 17 dealership group, Sewell looks for intelligence, integrity and a "genuine caring feeling for people."

Sewell also disputed a common complaint in the industry that millennials are lazy or difficult. "We recruit about 75 college graduates a year, and they are outstanding," Sewell said. "They provide energy. They provide technological knowledge that's far ahead of the rest of us that are a little bit older. Our future is great and in great hands."

Also at the Automotive News Retail Forum, Cox Automotive COO Mark O'Neil said that 10 percent of the automotive industry's transactions could be online by 2019. Discussing trends that could disrupt the industry this year and beyond, O'Neil said that continuous growth in overall online US retail over the past few years will soon extend to the automotive industry. Online auto retail could follow the same general path as "disruptive" offerings such as Uber and AirBnB, in which usage rates grew at an exponential rate after somewhat stagnant growth in the early years. He said that there are already signs of consumers catching on to online retailing, noting that 32 percent of consumers who started the vehicle buying

process online ultimately purchased the exact vehicle they were looking at online. O'Neil went on to say that dealerships would not be under threat as online sales grow, as long as they adapt, invest in their online offerings and adjust accordingly.

In his first official speech, incoming NADA Chairman, Mark Scarpelli unveiled a new initiative designed to help dealerships showcase all the benefits they bring to millions of customers, the 1.1 million dealership employees in the US, and to the countless communities across the nation.

The initiative – MyDealership.org – utilises videos and social media platforms to communicate the significant benefits of a strong and vibrant franchised dealership network. “But MyDealership.org doesn’t come from the perspective of the dealers,” said Scarpelli, explaining what makes this initiative so unique. “It comes from the perspective of our customers, who benefit from lower prices on sales, financing and service. When local dealerships compete with each other, customers win.”

“It comes from the perspective of the dealership staff, who benefit from gainful employment at all levels, with opportunities for advancement; and it comes from the perspective of local community leaders, who benefit when local businesses like ours plant roots, contribute to the tax base and give back to the local community.

Scarpelli said that this new initiative is just the next step for an industry that for more than 100 years has been the conduit to reliable and affordable personal transportation for American consumers from all walks of life.

Interesting fact: NADA was born to combat the proposed introduction of a luxury tax on automobiles in 1917! Are we listening, AADA?

Amy Purdy, who overcame a partial leg amputation to become a world class adaptive snow boarder, was the speaker at Sunday's Inspirational Session. Purdy brought the final general session of the NADA Convention to a rousing close with her talk on how she beat the odds of survival after being given a 2 percent chance of survival. "I was physically and emotionally destroyed," she said after losing the bottom half of each of her legs to bacterial meningitis. "But I realised that in order to move forward, I had to let go of the 'old Amy'."

She not only beat the odds to become a world class adaptive snow boarder and Paralympic bronze medallist, Purdy is also an actress, model, co-founder of Adaptive Action Sports, professional motivational speaker, clothing designer and author. In 2014, she appeared on Dancing With The Stars where she finished as runner-up.

"If your life was written like a book, how would you want it to end?" she asked the audience. "That's the question that changed my life."

SAVE THE DATE: *The NADA Convention & Exposition returns to Las Vegas on 22 March 2018.*

For additional information, please contact your
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