

The Best Time to be a Car Dealer

Remarks by

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Ladies and gentlemen, I have a question for you: when was the absolute best time to be a car dealer?

Was it in the early 1900s, when the automobile changed the way we moved from place to place? Was it the early 1920s and '30s, when Americans discovered luxury automobiles like Duesenberg, Packard, Cadillac and Lincoln? Or maybe was it post-World War II, when pent-up demand and prosperity led to a booming market for new cars and trucks?

Was it the 1950s, when President Eisenhower's national highway system connected the East Coast with the West and everything in between? Was it the 1960s and 1970s, when fins, chrome, and horse power defined the hottest wheels you could own? Or maybe it was at the turn of the 21st century—when alternative power sources and new technologies redefined the car ownership experience?

Fellow dealers, it's *none* of the above. The best time to be a car dealer is now! Today is unequivocally the greatest time to be in the retail automotive industry.

Why?

Look around you. We sold more than *16.4 million* new cars and trucks in 2014. We saw total sales of over *700 billion dollars*—over 15 percent of all retail sales. We employed more than *1.2 million* people in good paying jobs that provided \$53,000 per year on average—jobs that cannot be exported. That adds up to a *\$55 billion* dollar payroll! And we generate *13 billion dollars* in taxes.

In 2015, the forecast calls for almost *17 million* sales of new cars and trucks. More sales mean more employment and more opportunity for our vibrant industry. Yes, the best time to be a car dealer is now.

And yet, today, some critics say the driving public doesn't need dealers. They say dealers don't want to change. And they say our business isn't competitive. Let me tell you one thing: the only person who would say car dealers "aren't competitive

and they don't want to change" is someone who knows *exactly nothing* about the car business.

The reality is that dealers are catalysts for change. For over 100 years, our industry has been at the forefront of change. After all, 100 years ago, dealers knew that the "horse-and-buggy" days were history. We are the ones who changed our carriage shops into car dealerships. We knew that Ford's "Model T" was the new technology that would revolutionize the way Americans traveled the country.

It was dealers who survived wars, recessions, a depression, oil embargoes, and manufacturer bankruptcies. We survived all that because we are leaders—not followers—of change. This is the industry that changed everything...

And our automotive franchise system is the best and most efficient method of bringing new vehicles to the driving public. The franchise system breeds competition that benefits consumers, manufacturers, and local communities alike. Dealers are fierce competitors that drive consumer costs down and ensure superior customer service. And we advocate for our customers on warranty and recall claims with manufacturers.

We support thousands of local charities. And we are the face of our manufacturers in every town throughout America. And the driving public gets all these services for a mere 2.2 percent return on sales. Does that sound like we aren't competitive?

Not to me. Now, some of our critics complain about state franchise laws.

Why?

Because they don't understand our business. Let's set the record straight. Over the last 50 years, all 50 states have passed franchise laws. While these laws vary from state to state, they have a common objective. They seek to level the playing field between dealers and the manufacturers for the benefit of the citizens of those states.

You know, they say there are two certainties in life: death and taxes

Well there's a third: *franchise laws create price competition that saves consumers money*. It's a fact that if a consumer wants a Chevy, he benefits when two or more Chevy dealers compete for his business. And a recent study looked at car sales in Texas. Researchers found that when multiple dealers compete to sell a car to a customer, the average price of a Toyota Camry dropped \$450.

Now that doesn't sound like much, right? But a report from the Federal Reserve's *Board of Governors* showed that in 2014, 50 percent of Americans had trouble

raising \$400 in an emergency. Take away dealers, take away competition, and consumers pay more. Period.

The only reason dealers can be called “protectionists” is because we protect our customers. We give them competition. We give them professional service. And we give back to our communities.

We’re here in beautiful Northern California: home of the Redwood Tree. The Redwood is actually the tallest tree in the world. It can grow taller than the Notre Dame Cathedral and withstand earthquakes, storms, and gale force winds.

Why?

Because of its roots. Its root system expands over 100 feet from the base. Even a downed tree can survive. The roots of our industry—that has held us strong and upright—are innovation and value. Our roots have been expanding for the past 100 years. And even when we’re down, we can survive.

The auto industry hasn’t survived because of nostalgia, but because of our roots: innovation and value. Dealers have adopted the internet because we know we often make our first impressions digitally. We’ve adopted technology that includes our customers in the sales process more and more. We are innovative and we offer the consumer what they want and need: value.

Bobby Kennedy once said: “Some men see things as they are and say ‘why?’ But I dream things that never were and say, 'why not?' ”

Well, I say to you: today, when regulatory challenges come our way "why not" work together? Today, when our franchise system is challenged "why not" defend it? And today, when we are called to evolve and change "why not" change for the better?

And today: NADA is our greatest asset—our greatest opportunity—to prove our value to the driving public. Dealers already know this. But the greater public does not. The dedicated and passionate NADA team, together with 107 state and metro dealer associations, and the 17,600 dealers working together offer us the best opportunity to ask, "why not?"

When dealers and NADA engage we can strengthen our roots. We can actually shape the future of this industry for all of us and, more importantly, for the next generation of dealers: the young men and women who will follow us.

The young men and women who are pictured on the screen behind me.

Let me show you: this is our next generation! Our challenge is to *engage* for the benefit of the future dealers in America. We engage today so that we may wish the best to them –who will be the best of all!

And because we engage today, the next generation of dealers will say in 10 or 20 years that their convention... their time...is the absolute best time to be a car dealer!

Thank you!

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