

Greater

LOS ANGELES NEW CAR DEALERS ASSOCIATION

E-NEWSLETTER ISSUE #6 – 2015



From l to r – Pete Smith, GLANCD A President and Larry Winget, The Pitbull of Personal Development



GLANCD A Members at the Annual Luncheon

On June 17, 2015 The Greater Los Angeles New Car Dealers association held its annual member meeting. Some 250 dealer members, industry partners and supporters, and local elected officials gathered to hear about the state of the retail automotive business in Los Angeles County! The Universal Sheraton Hotel Starview room was the location and the keynote Speaker for the event was Larry Winget, renowned author and motivational speaker, known as the Pitbull of Personal Development.

Also in attendance was LA City Council Members Mitchell Englander, Paul Koretz, and Council Member elect David Ryu. April Lindh of the San Fernando Valley Rescue Mission updated the group on the rebuilding effort of the shelter that burned down in 2014.

GLANCD A continues to do advocacy work on behalf of its member dealers, and supports many philanthropic causes throughout the city and county.



Larry Winget, The Pitbull of Personal Development

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Come and listen to the latest trends in criminal activity and what your dealership can do to partner with TRAP to stay safe and secure!

by

The Greater Los Angeles New Car Dealers Association and the Taskforce for Regional Autotheft Protection

- Current auto theft trends targeting New Car Dealerships (i.e. bait and switching of keys, key security, vehicle drive offs, etc.)
Obtaining new vehicles through Identity theft and fraud
Exporting scams involving new cars
Questions and Answers

Contact GLANCD A:

- Phone (213) 748-0240
Fax (916) 924-7323
bob@glancda.org
www.glancda.org

Please choose one:

September 23, 2015
11:00 am-1:00 pm
San Fernando Valley Location
Galpin Premier Collection
15500 Roscoe Blvd,
Van Nuys, CA 91406

October 14, 2015
11:00 am-1:00 pm
West Los Angeles Location
Edmunds Inc.
1620 26th Street, Suite 400
Santa Monica, CA 90404

October 28, 2015
11:00 am -1:00 pm
Symes Pasadena Toyota
3600 E Foothill Blvd
Pasadena, CA 91107

Member \$25.00 per person
Non-Member \$95.00 per person

REGISTRATION - Registration confirmation will be sent to the email address provided.

Enclosed is \$_____ for the following people to attend:

Name: _____ Name: _____

Email: _____ Email: _____

Name: _____ Name: _____

Email: _____ Email: _____

Dealership: _____ Phone: _____

Address: _____

PLEASE MAKE CHECKS PAYABLE TO GLANCD A OR PAY BY CREDIT CARD:

Cardholder's Name _____ AMEX ___ VISA ___ Mastercard ___

Card Number _____ Security Code: _____ Expiration Date: _____

Billing Address and Zip Code _____

PLEASE RETURN THE REGISTRATION WITH PAYMENT TO:

GLANCD A: 2520 Venture Oaks Way, Suite 150 - Sacramento, CA 95833

If you have any questions please contact Natalie Thurn at Natalie@camgmt.com

Thank you!

ECONOMIC CONDITIONS GIVE CAR SHOPPERS THE GREEN LIGHT TO SPLURGE, SAYS EDMUNDS.COM

Bigger and More Expensive Vehicles on Upward Sales Trend

Car shoppers' revived interest in more expensive vehicles, especially trucks and SUVs, likely won't end any time soon, according to the latest U.S. market analysis from car-buying platform Edmunds.com. The reason, says Edmunds, is that positive economic trends such as lower unemployment, higher confidence in the economy, and lower gas prices are encouraging shoppers to seek out bigger and more expensive vehicles.

"The cost-conscious, fuel-efficient mentality from the recession and early recovery years has faded," said Edmunds.com Chief Economist Dr. Lacey Plache, PhD, who shared her latest findings at a presentation to media in Detroit today. "We expect these economic trends to continue into next year at least, so there's every reason to believe that shopper preferences for larger and more expensive vehicles will continue along the same path that we've seen emerge in the past year or so."

Dr. Plache's team recently looked at the three most-shopped vehicle segments, comparing the sticker prices of vehicles sold in the past two years with the sticker prices of new vehicles configured by consumers on Edmunds.com during that period. In all three segments, the prices of configured vehicles increased relative to transaction prices:

- In January 2013, the average price of a configured midsize car was approximately \$28,300. By January 2015, that average rose to \$29,800 while the average transaction price in this segment went up from \$29,100 to \$29,500 in the same period.
- In January 2013, the average price of a configured compact crossover was approximately \$28,000. By January 2015, that average rose to \$28,900 while the average transaction price in this segment went up from \$27,600 to \$28,400.
- In January 2013, the average price of a configured compact car was approximately \$22,300. By January 2015, that average rose to \$23,200 while the average transaction price in this segment went up from \$21,500 to \$21,900.

"In each of the three top segments, the share of shoppers configuring higher-end, better equipped vehicles has increased while the share configuring lower-end vehicles has decreased. These changes are much greater than price band shifts due to MSRP updates would be," noted Dr. Plache, as she offered the reminder that configuration trends inform sales trends.

Continued on page 5





LEARN HOW TO
SET YOUR DIAL ON LOW

FEDERATED
INSURANCE
Risk Management
ACADEMY

Greater
LOS ANGELES NEW CAR DEALERS ASSOCIATION

CNCDA

Are you Lucky?

Or are you good?

Risk Management Academy

The California New Car Dealers Association and Federated Insurance present a seminar you won't want to miss...

- ❖ Losses: WHAT claims are occurring? WHY are they happening? Learn the important LOSS KEYS to help manage risk, exposure, and claims.
- ❖ Understand trends in consumer litigation claims and practices you can implement to protect your dealership.
- ❖ Reduce exposure to employment related practices claims.
- ❖ Learn dealer 'best practices' to impact premiums.
- ❖ Federated's Shield Network – access to the most updated documentation, training forms, and manuals available.

**Register
today**

**Tuesday
August 18
10:00 am – 2:30 pm**

**North Hollywood
The Garland Hotel
4222 Vineland Ave**

**\$79 per CNCDA
Member**
Includes lunch and parking

Who should attend?
Principals
HR/Risk/Safety/Compliance
Managers

**Lunch and refreshments
provided by Federated
Insurance.**

For more information, please
contact Natalie Perry at
916-441-2599 or e-mail
nperry@cncda.org.

The upgrading of the new vehicle market is also obvious when you consider that trucks and SUVs have outsold cars in each of the last 21 months, despite significant average price differences between those segments. In May, for example, the average transaction price for trucks and SUVs was nearly \$37,000, while the average transaction price for cars was about \$27,400. Most shoppers are not only more attracted to those bigger vehicles, but they are paying on average \$9,500 more to own one. Two of the biggest factors that are making it easier for shoppers to afford more expensive vehicles are cheaper credit and the gravitation toward leasing. Last month, 9.5 percent of buyers who financed a new vehicle got a zero percent loan – the highest percentage since last September. And over 28 percent of new cars and trucks sold so far in 2015 were leased, putting the year on pace for the auto industry’s highest lease penetration rate ever. In May, the average monthly payment for leased vehicles was \$420, compared to \$490 for financed vehicles. Interestingly, these trends are not currently resulting in growth of the market share of the luxury vehicles. Shopper consideration of most luxury vehicle segments has been flat from 2013 to 2015; midrange luxury vehicle consideration has actually dipped a bit. Only the entry luxury SUV segment has shown gains in consideration during this period.

“Today’s car shoppers are taking a step or two beyond the more financially conservative choices made in recent years, but we aren’t generally seeing the mainstream buyer’s reach into luxury the way we did before the economic crisis,” stated Dr. Plache. “That was a time when many aspirational shoppers stretched their finances to get a high-status nameplate, now they are instead buying mainstream vehicles with tech options and creature comforts that allow them to spoil themselves just a little.”

That said, shoppers of luxury vehicles are gravitating toward higher-end vehicles just as mainstream buyers have been doing. Compared with 2013, there is now a smaller proportion of configurations of luxury cars costing under \$42,000 and fewer shares of configurations of luxury cars above that price point. Even more dramatically, there are now fewer shares of configurations of luxury SUVs costing under \$47,000 and more shares of configurations above that price point.

Learn more about how American car shoppers are thinking big in a rejuvenated economic environment at <http://www.edmunds.com/industry-center/analysis/what-car-shoppers-want-now.html>.
About Edmunds.com, Inc.



Los Angeles Auto Outlook



Comprehensive information on the LA County new vehicle market

FORECAST

County Market Predicted to Increase 5.1% from 2014 to 2015

Positive factors slightly out-weigh negatives; further improvement expected in 2016



Key factors providing a boost to new vehicle sales

Incentive to upgrade. In almost every way, today's new car and trucks are far superior to vehicles that came out just five years ago. But it's the introduction of advanced safety features (i.e, mitigation braking, lane alert, smart cruise control, blind spot monitoring, rear-view cameras, etc.) on mainstream, non-luxury brand vehicles that will give a boost to sales for many years to come. These safety-related technologies will provide a strong motivation for consumers to trade in their current vehicles for new ones.

Pent up demand. The average age of vehicles on the road is still at extremely high levels. Following five years of well below average sales, the new vehicle market has only recently moved above trend line levels. We think that based on cyclical factors alone, the market recovery still has legs.

Labor market is improving. Total employment has moved steadily higher for the past five years, while the unemployment rate has declined. There are also some recent signs that wages and incomes are finally starting to move higher. Some economists remain concerned about sluggish growth in the labor force and lingering under-employment, but the outlook for jobs and incomes has improved.



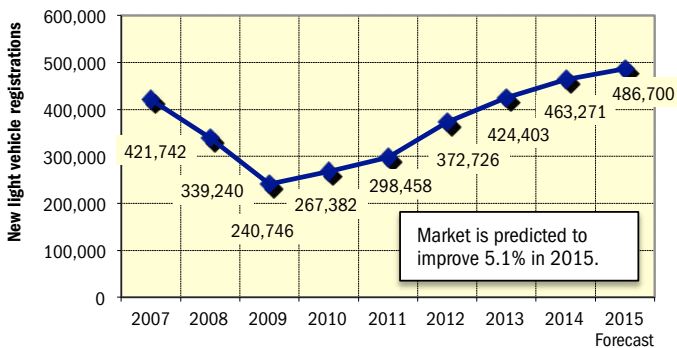
Key factors holding back new vehicle sales

Rising interest rates. After several years of hovering near zero, it appears as though interest rates are on the rise. It's not likely to be an abrupt, upward march, but it's inevitable that they will drift higher. Higher interest rates lead to increasing monthly finance and lease payments, which puts a drag on new vehicle sales.

Insufficient household savings. Leading into the financial crisis of 2008, households had amassed record debt. After several years of deleveraging, the debt burden has eased significantly. However, the majority of U.S. households have insufficient savings for retirement, and it will take considerable time to build these nest eggs. As a result, households will need to devote a chunk of disposable income toward savings instead of retail spending (which includes automobiles).

Consumer sentiment. Most measures of consumer sentiment have improved recently, but there is still a pervading sense of uneasiness among many U.S. households. Median household incomes have been stagnant for decades, while many still feel that high quality, good paying jobs are difficult to find. This nagging sense that things are not as good as they should be, will likely prevent many potential purchasers from buying a new vehicle.

Annual Trend in LA County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in the county from 2007 thru 2014 and Auto Outlook's projection for 2015.

Note: Reported monthly registration totals for May, June, and July of 2014 were impacted by title processing delays by the DMV. Registration figures were modified by Auto Outlook to more accurately reflect the level of new vehicle sales in these three months. Annual totals for 2014 were not impacted by these adjustments.

Market Summary

	YTD '14 thru June	YTD '15 thru June	% Chg. '14 to '15	Mkt. Share YTD '15
TOTAL	228,362	246,052	7.7%	
Car	151,887	159,486	5.0%	64.8%
Light Truck	76,475	86,566	13.2%	35.2%
Domestic	41,782	46,108	10.4%	18.7%
European	49,855	52,167	4.6%	21.2%
Japanese	118,937	127,785	7.4%	51.9%
Korean	17,788	19,992	12.4%	8.1%

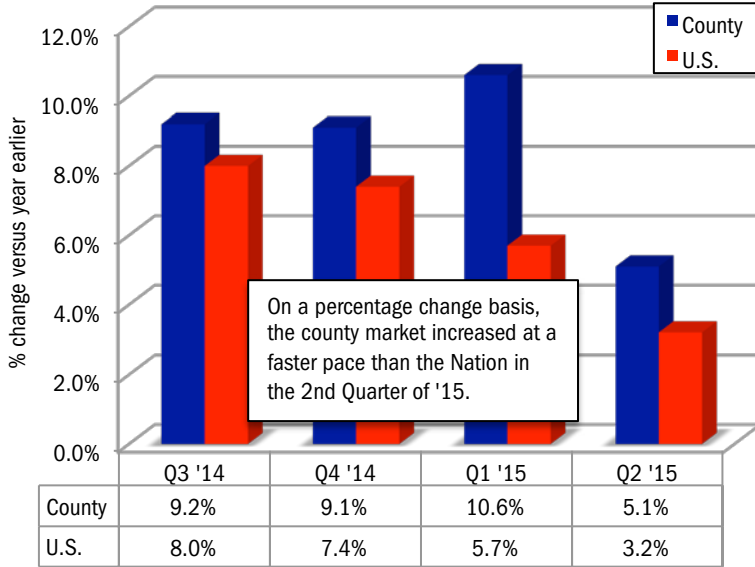
Domestic brands consist of vehicles sold by GM, Ford, Chrysler, and Tesla. Data source: AutoCount data from Experian Automotive.

MARKET TRACKER: QUARTERLY RESULTS

County Market Up 5.1% in 2nd Quarter of 2015 vs. 3.2% in U.S.

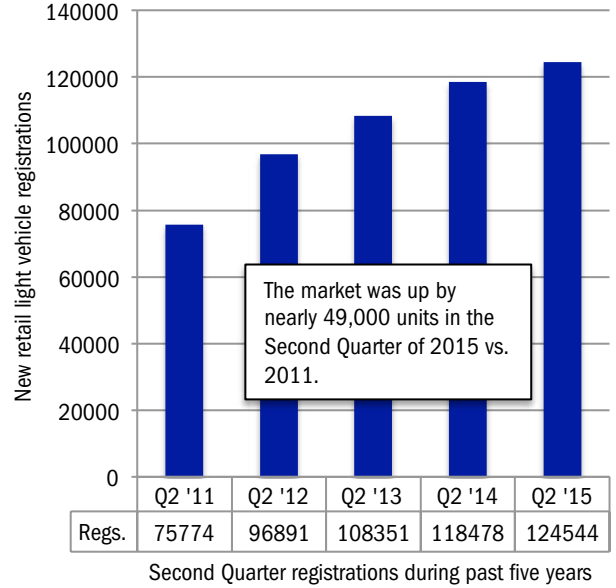
QUARTERLY TREND

Percent Change in New Vehicle Market - County and U.S.



QUARTERLY PERSPECTIVE

Five Years of Second Quarter Results in County Market



Source for LA County registration data: AutoCount data from Experian Automotive. Source for U.S. data: Automotive News. (U.S. figures include fleets.)

MARKET TRACKER: COUNTY MARKET VERSUS U.S.

County Market Has Larger Gain

	County Market		U.S. Market*	
Percent change in registrations YTD '15 thru June* vs. YTD '14	7.7%		4.4%	
Passenger car market share YTD '15 thru June*	64.8%		46.3%	
Domestic brand market share YTD '15 thru June*	18.7%		45.2%	
Top 10 brands and market share YTD '15 thru June*				
First	Toyota	18.5%	Ford	14.6%
Second	Honda	13.5%	Toyota/Scion	12.6%
Third	Nissan	7.1%	Chevrolet	12.4%
Fourth	Ford	6.2%	Nissan	7.9%
Fifth	BMW	5.7%	Honda	7.8%
Sixth	Lexus	5.7%	Jeep	4.7%
Seventh	Mercedes	5.6%	Hyundai	4.4%
Eighth	Chevrolet	5.0%	Kia	3.6%
Ninth	Kia	4.7%	Subaru	3.2%
Tenth	Hyundai	3.4%	GMC	3.1%

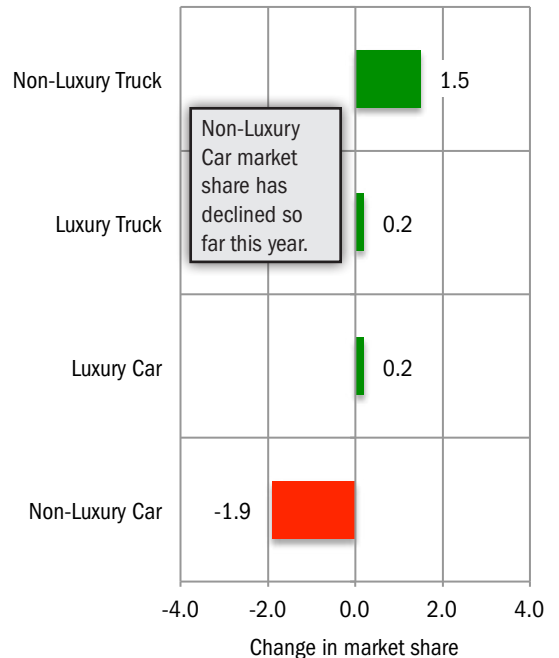
Source for LA County data: AutoCount data from Experian Automotive.

Source for U.S. market data: Automotive News. U.S. figures include fleets.

MARKET TRACKER: PRIMARY SEGMENTS

Non-Luxury Trucks Gain

Change in County Market Share YTD 2015 thru June* vs. YTD 2014



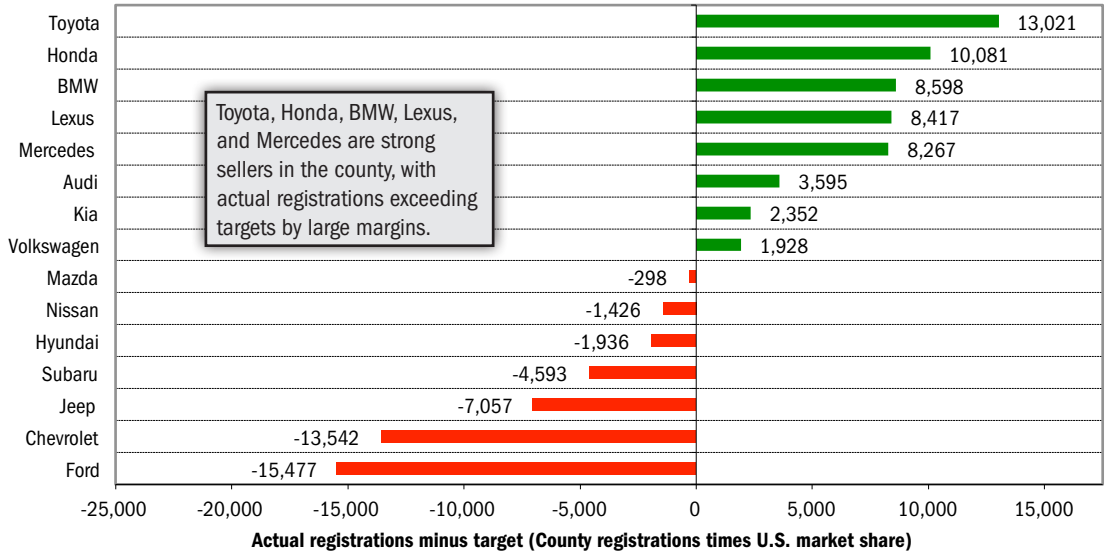
Source: AutoCount data from Experian Automotive.

BRAND SCOREBOARD

Toyota and Honda Relatively Strong Performers in County

The graph provides an indicator of brands that are popular in Los Angeles County. For the top 15 selling brands in the county, each brand's share of the U.S. market is multiplied by registrations in the county during the first half of 2015. This yields a "target" for the state market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance. Brands at the top of the graph are relatively strong sellers in the county, with actual registrations exceeding calculated targets by large margins.

Los Angeles County Retail Market Performance based on registrations for YTD 2015
Actual registrations minus target (county industry registrations times U.S. market share)



Source: AutoCount data from Experian Automotive.

MARKET TRACKER - SEGMENTS

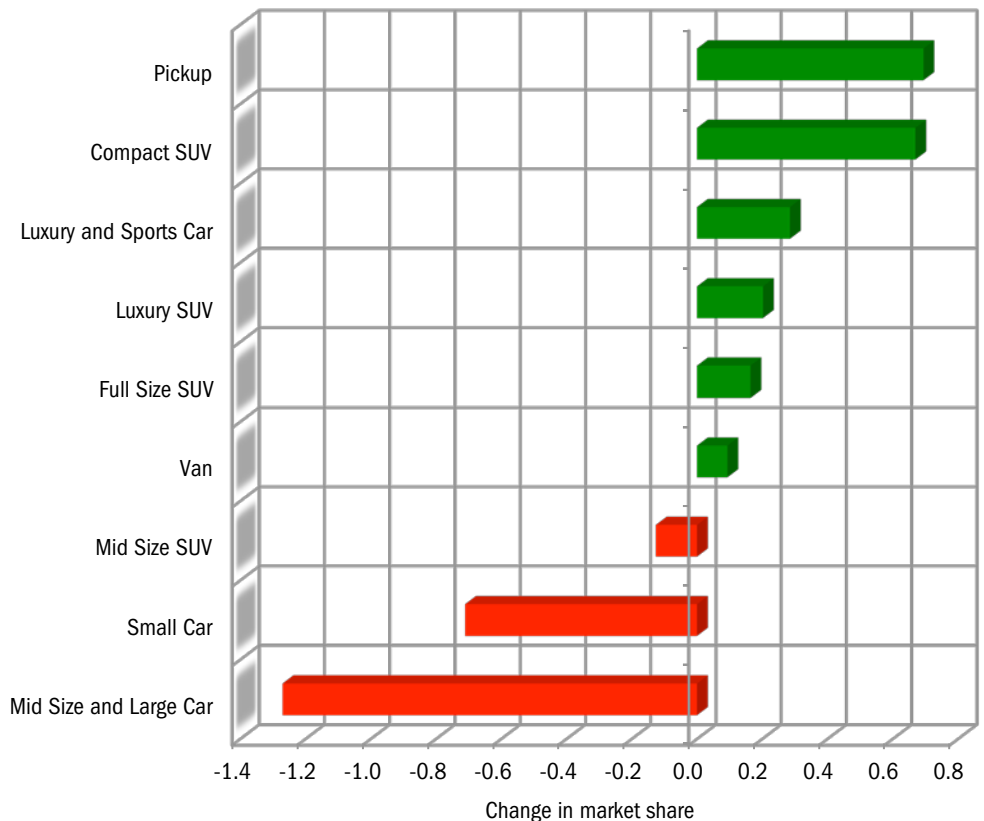
Pickup and Compact SUV Market Shares Move Higher

Change in Segment Market Share YTD 2015 thru June vs. YTD 2014

Los Angeles County Market

Typical models in segments:

- Small Car: Hyundai Elantra
- Mid Size & Large Car: Toyota Camry
- Luxury & Sports Car: BMW 3-Series
- Pickup: Ford F-Series
- Van: Honda Odyssey
- Compact SUV: Mazda CX5
- Mid Size SUV: Jeep Grand Cherokee
- Full Size SUV: Chevrolet Tahoe
- Luxury SUV: Lexus RX



Data Source: AutoCount data from Experian Automotive.

Brand Registrations Report												
Los Angeles County New Retail Car and Light Truck Registrations												
	June						YTD thru June					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2014	2015	% change	2014	2015	Change	YTD '14	YTD '15	% change	YTD '14	YTD '15	Change
TOTAL	42,386	43,835	3.4				228,362	246,052	7.7			
Cars	28,182	28,302	0.4	66.5	64.6	-1.9	151,887	159,486	5.0	66.5	64.8	-1.7
Light Trucks	14,204	15,533	9.4	33.5	35.4	1.9	76,475	86,566	13.2	33.5	35.2	1.7
Domestic Brands	7,780	8,468	8.8	18.4	19.3	1.0	41,782	46,108	10.4	18.3	18.7	0.4
European Brands	8,832	8,921	1.0	20.8	20.4	-0.5	49,855	52,167	4.6	21.8	21.2	-0.6
Japanese Brands	22,277	22,854	2.6	52.6	52.1	-0.4	118,937	127,785	7.4	52.1	51.9	-0.1
Korean Brands	3,497	3,592	2.7	8.3	8.2	-0.1	17,788	19,992	12.4	7.8	8.1	0.3
Acura	476	470	-1.3	1.1	1.1	-0.1	2,849	3,126	9.7	1.2	1.3	0.0
Audi	1,096	1,177	7.4	2.6	2.7	0.1	5,597	6,633	18.5	2.5	2.7	0.2
BMW	2,172	2,220	2.2	5.1	5.1	-0.1	12,490	13,923	11.5	5.5	5.7	0.2
Buick	117	125	6.8	0.3	0.3	0.0	688	691	0.4	0.3	0.3	0.0
Cadillac	336	219	-34.8	0.8	0.5	-0.3	1,810	1,368	-24.4	0.8	0.6	-0.2
Chevrolet	1,985	2,350	18.4	4.7	5.4	0.7	10,723	12,197	13.7	4.7	5.0	0.3
Chrysler	106	198	86.8	0.3	0.5	0.2	656	1,306	99.1	0.3	0.5	0.2
Dodge	605	619	2.3	1.4	1.4	0.0	3,467	3,496	0.8	1.5	1.4	-0.1
Fiat	356	228	-36.0	0.8	0.5	-0.3	1,844	1,741	-5.6	0.8	0.7	-0.1
Ford	2,839	2,763	-2.7	6.7	6.3	-0.4	14,911	15,213	2.0	6.5	6.2	-0.3
GMC	375	462	23.2	0.9	1.1	0.2	1,933	2,466	27.6	0.8	1.0	0.2
Honda	5,729	6,194	8.1	13.5	14.1	0.6	30,904	33,321	7.8	13.5	13.5	0.0
Hyundai	1,527	1,478	-3.2	3.6	3.4	-0.2	7,664	8,305	8.4	3.4	3.4	0.0
Infiniti	516	638	23.6	1.2	1.5	0.2	2,915	3,637	24.8	1.3	1.5	0.2
Jaguar	92	69	-25.0	0.2	0.2	-0.1	513	526	2.5	0.2	0.2	0.0
Jeep	823	1,004	22.0	1.9	2.3	0.3	4,502	5,198	15.5	2.0	2.1	0.1
Kia	1,970	2,114	7.3	4.6	4.8	0.2	10,124	11,687	15.4	4.4	4.7	0.3
Land Rover	263	305	16.0	0.6	0.7	0.1	1,763	1,864	5.7	0.8	0.8	0.0
Lexus	2,055	2,400	16.8	4.8	5.5	0.6	12,155	13,920	14.5	5.3	5.7	0.3
Lincoln	142	194	36.6	0.3	0.4	0.1	675	863	27.9	0.3	0.4	0.1
Mazda	864	931	7.8	2.0	2.1	0.1	4,035	4,643	15.1	1.8	1.9	0.1
Mercedes	2,366	2,383	0.7	5.6	5.4	-0.1	14,423	13,762	-4.6	6.3	5.6	-0.7
MINI	457	496	8.5	1.1	1.1	0.1	2,104	2,353	11.8	0.9	1.0	0.0
Mitsubishi	150	107	-28.7	0.4	0.2	-0.1	985	800	-18.8	0.4	0.3	-0.1
Nissan	3,176	3,091	-2.7	7.5	7.1	-0.4	16,716	17,442	4.3	7.3	7.1	-0.2
Porsche	407	275	-32.4	1.0	0.6	-0.3	1,941	2,018	4.0	0.8	0.8	0.0
Ram	309	337	9.1	0.7	0.8	0.0	1,550	1,963	26.6	0.7	0.8	0.1
smart	54	41	-24.1	0.1	0.1	0.0	304	230	-24.3	0.1	0.1	0.0
Subaru	759	899	18.4	1.8	2.1	0.3	4,056	5,302	30.7	1.8	2.2	0.4
Tesla	143	197	37.8	0.3	0.4	0.1	867	1,347	55.4	0.4	0.5	0.2
Toyota/Scion	8,552	8,124	-5.0	20.2	18.5	-1.6	44,322	45,594	2.9	19.4	18.5	-0.9
Volkswagen	1,306	1,297	-0.7	3.1	3.0	-0.1	7,357	6,974	-5.2	3.2	2.8	-0.4
Volvo	138	139	0.7	0.3	0.3	0.0	744	793	6.6	0.3	0.3	0.0
Other	125	291	132.8	0.3	0.7	0.4	775	1,350	74.2	0.3	0.5	0.2

Source: AutoCount data from Experian Automotive

Top ten brands are shaded green.

Los Angeles Auto Outlook

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