Los Angeles New Car Dealers Association

E-NEWSLETTER ISSUE #2 - 2016



ANNUAL MEMBER LUNCHEON

– Sheraton Universal Hotel – June 14, 2016 11:30 am - 2:00 pm

SHERATON UNIVERSAL HOTEL
333 UNIVERSAL HOLLYWOOD DRIVE
UNIVERSAL CITY, CA 91608

"There are political junkies, and then there's Charlie Cook – the man who knows more about everything political than anyone else." The Washingtonian

When Charlie Cook makes a pronouncement based on his analysis of the political scene in America, people who want to be "in the know" sit up and listen. For more than two decades he has been Washington's most trusted – and most accurate – voice on all things political, whether it's the outcome of a Congressional, gubernatorial, or presidential election.

As the editor and publisher of the Cook Political Report and a political analyst for the National Journal Group, his prodigious writing is a direct line to the heart of politics. He writes weekly for National Journal magazine and National Journal Daily, and he also pens a regular column for the Washington Quarterly. Once deemed "the Picasso of election analysis" by the Wall Street Journal and represented exclusively by Leading Authorities speakers bureau, Cook produces the sharpest political handicapping in the business, serving as the one-man, go-to-source for Americans who want to be truly informed."

A Political Oracle. The plaudits for Charlie Cook are the best kind of broken record – an endless loop of praise. The New York Times has

called Cook "one of the best political handicappers in the nation" and noted that the Cook Political Report is "a newsletter that both parties regard as authoritative." Bob Schieffer of CBS News calls it "the bible of the political community," and David Broder of the Washington Post said Cook is "perhaps the best non-partisan tracker of Congressional races." In its feature "The Top 50 Journalists in Washington," the Washingtonian called him a "master observer" and "the man who knows more about politics than anyone else," and in 2010 Cook was a co-recipient of the American Political

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Science Association's prestigious Carey McWilliams Award to honor "a major journalistic contribution to our understanding of politics."

Cook's expertise has been featured on the ABC, CBS, and NBC evening news programs, as well as Good Morning America, TODAY, Nightline, Meet the Press, and This Week. He has also been an election night analyst for CNN, CBS, and NBC News and for every presidential election since 1994.

He founded the Cook Political Report in 1984, and became a twice-weekly columnist for Roll Call, Capitol Hill's premier newspaper, before joining the National Journal Group in 1998. Charlie Cook also served as a resident fellow at the Institute of Politics at the Kennedy School of Government at Harvard during the spring semester of 2013.

Keeping America Informed. Cook is a hugely popular speaker. With his encyclopedic knowledge, memorable stories, quick wit, and meaningful insights, his speeches focus on the broad implications of the latest election results. Using poll numbers, economic indicators, and historical data, Cook forecasts the fortunes of each party in a balanced, non-partisan manner and furnishes audiences with the concrete information they need regarding today's political and legislative environments.

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COLLEGE OF AUTOMOTIVE MANAGEMENT













TO DRIVE OR NOT TO DRIVE

On recalls, that is the only question – and only because of parts by Jeff Carlson

Parts, parts, parts.

uch has been said and written recently about our nation's vehicle recall policy. And while it's regrettable that a great deal of the conversation has been overly negative, needlessly controversial and – at times – unfairly accusatory, the silver lining is that the discussion has prompted an increase in consumer awareness of the issue, which we all know from experience is desperately needed to increase the recall completion rate.

But at the same time, many have lost sight of the core issue at hand, which is what to do with recalled vehicles while consumers and dealers are awaiting replacement parts from the manufacturers. Because when we're talking about recalls, parts are everything.

Let's take a step back and consider what the world would look like if all needed repair parts were immediately and readily available for every vehicle recall.

If parts were available, then everyone – dealers, manufacturers, regulatory agencies like the National Highway Traffic Safety Administration (NHTSA) and the United States Department of Transportation (DOT), and safety advocates – would be in lockstep

in stressing the urgency of having consumers bring their vehicles into local dealerships for repairs as soon as possible. Everyone would be working together to improve consumer outreach and awareness, because consumer apathy would be the only obstacle in the way of achieving our shared goal of a 100-percent recall completion rate.

Unfortunately, that's not the world in which we live. Parts are not always available. And manufacturer delays in providing repair parts have become the core problem in recall policy.

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TO DRIVE OR NOT TO DRIVE - continued from 3

These delays prevent timely repairs of the vehicles. And delays between the time a manufacturer announces a recall and parts are available are responsible for driving consumer apathy toward recalls. Consumers simply become numb to all the notices they receive.

But the biggest consequence is that manufacturer delays force us all – dealers, regulators, safety advocates and consumers alike – to consider what to do with recalled vehicles from the time the recall is announced to when the repair can be completed.

Which leads to the question every consumer wants answered: Should I continue to drive my recalled vehicle in the interim?

This is a vitally important question. Fortunately, there are federal agencies responsible for providing those answers: DOT and NHTSA.

Congress has entrusted NHTSA, a division of DOT, with reviewing all manufacturer-identified defects in order to determine how severe each is in terms of risk to the driving public. And for every vehicle recall that is issued, NHTSA – working with the vehicle manufacturer – makes such an assessment.

 Does NHTSA have full authority to determine which defects pose such an immediate and severe risk to drivers and passengers that affected vehicles should be parked and not operated until repairs can be made? Yes. Transportation Secretary Anthony Foxx has acknowledged in writing that NHTSA "may require a manufacturer to advise owners not to drive their vehicles until a safety-related defect or noncompliance is remedied."

- Has NHTSA exercised this authority? Yes. In fact, a recent study revealed that such "do not drive" recommendations were issued in 6 percent of all vehicle recalled issued from 2000 to 2013.
- Were NHTSA and DOT ever asked specifically whether consumers with recalled Takata airbag inflators or faulty GM ignition switches should stop driving these vehicles until repairs could be made? Yes.
- Did NHTSA or DOT issue "do not drive" recommendations for these affected vehicles? No. In fact, NHTSA explicitly told Congress that it did not believe such action was necessary for vehicles with recalled Takata airbags. The DOT said the same thing regarding GM ignition-switch recalls – that it was "not necessary" for consumers to stop driving affected vehicles if drivers took certain precautions. While everyone may not agree with the answers to some these questions, DOT and NHTSA thoroughly considered these questions and made these calls. Their decisions shouldn't lead us to play politics with this issue, and we shouldn't react by accusing one another of being anti-consumer or anti-safety.

Because the truth of the matter is that we ALL want to get 100 percent of recalls fixed 100 percent of the time, period. How do we get there? More parts, and more consumer awareness. And we all have to work together to get there. Our customers deserve nothing less.

Carlson is chairman of the National Automobile Dealers Association.





2016 Auto Tech Competition

ongratulations to the GLANCDA sponsored team from Van Nuys High School for finishing 5th in the Nation at the National Automotive Technology Competition. Teammates Alejandro Martinez and Davit Apikyan were led by instructor Joe Agruso, and mentored by GLANCDA Dealer Member Keyes Lexus. This was the second straight year Van Nuys High School represented the Association at the event.

The National **Automotive** Technology Competition is a test of skill, a measure of knowledge, and a race against the clockall rolled into one. It featured hundreds of the nation's best high school automotive education students from across the country competing for the title of The Nation's Best Automotive Technician. This year more than \$3 million in prizes and scholarships were awarded to participating students and schools thanks to the generous support of almost every major automaker, industry suppliers, local dealerships, and dealers associations.

This nationally recognized competition, which was developed in 1993 by the Greater New York Automobile Dealers Association to help curb the shortage of qualified automotive technicians and raise the level of vocational education standards in the public school system.

Leading up to the national finals, which took place at the New York

International Automobile Show at the end of March, regional and state contests were held across the country to determine the nation's best automotive students. The winning student teams then moved on to represent their state at the national finals in New York City.

HOW THE CONTEST WORKS:

Each two-person student team must diagnose and repair a number of pre-assigned problems under a car's hood within an allotted amount of time. Each "bug" correctly repaired is worth a number of points, depending on the level of difficulty. In addition, the student's overall knowledge is tested through a series of written tests prepared by the ASE.





FIVE STAR **DEALER AWARD** 2016

Edmunds.com has named over 800 car dealerships as the winners of the company's fourth annual Five Star Dealer Awards. The awards recognize select car dealers who earned the highest overall rating for customer satisfaction in Edmunds.com's dealer "Sales Ratings."

"Providina excellent customer satisfaction has never been more

important than it is in today's highly connected world," said Edmunds.com CEO Avi Steinlauf. "Congratulations to all of the winners of the Edmunds Five Star Dealer Awards for recognizing that putting the customer first is the very best way to be successful."

To be eligible for the Five Star Dealer Award, the dealer partner must have

earned an overall sales rating of five stars generated by car shoppers on Edmunds. com - with a minimum of 20 reviews during the previous two years - as of December 31, 2015.

The 2016 winners, organized by state, are list below:

CALIFORNIA

Audi Beverly Hills Audi Newport Beach AutoNation Acura South Bay AutoNation Acura Stevens Creek

AutoNation Chrysler Dodge Jeep Ram Roseville

AutoNation Ford Torrance AutoNation Ford Tustin AutoNation Ford Valencia AutoNation Honda Costa Mesa AutoNation Honda Fremont AutoNation Honda Roseville AutoNation Honda Valencia AutoNation Infiniti South Bay AutoNation Mazda Roseville AutoNation Nissan South Bay AutoNation Scion Irvine

AutoNation Subaru Roseville

AutoNation Toyota Buena Park **AutoNation Toyota Cerritos**

AutoNation Toyota Scion Hayward

Avery Greene Honda Big Valley Ford Lincoln **BMW Encinitas**

BMW of Fremont BMW of Mountain View BMW of Roseville **Bob Smith BMW**

Bob Stall Chevrolet Browning Mazda Bunnin Chevrolet Classic Chariots

Commonwealth Volkswagen

Courtesy Chevrolet DCH Honda of Temecula Fletcher Jones Motorcars Folsom Lake Ford Folsom Lake Kia Fontana Nissan

Frank's Irvine Subaru

Fremont Ford

Future Ford Lincoln of Concord

Galpin Ford Galpin Honda Galpin Lincoln

Galpin Mazda Los Angeles

Galpin Volkswagen George Chevrolet **Harbor Chevrolet** Harbor Hyundai House of Imports

Huntington Beach Chrysler Dodge Jeep Ram

Huntington Beach Ford

HW Hunter Dodge Jeep Chrysler Ram

Jim Falk Lexus of Beverly Hills John Hine Temecula Mazda John Hine Temecula Subaru John L Sullivan Chevrolet

Keves Lexus

Kia of Downtown Los Angeles

Lexus of Cerritos Lexus of Sacramento Lexus Santa Monica Lithia Subaru of Fresno

Mark Christopher Buick GMC Cadillac Chevrolet

Mazda of Orange

Mercedes-Benz of Anaheim Mercedes-Benz of Foothill Ranch Mercedes-Benz of Laguna Niguel Mercedes-Benz of South Bay Mercedes-Benz of Stevens Creek Mercedes-Benz Of Temecula MINI of Stevens Creek MINI of Valencia Newport Lexus

Norm Reeves Honda Superstore

Norm Reeves Honda Superstore Cerritos Auto

Ocean Honda Of Ventura

Pacific BMW

Pacific Porsche Pacific Volkswagen Paradise Chevrolet Prestige Autos Puente Hills Subaru Puente Hills Toyota Scion

Quality Chevrolet Escondido

Riverside Honda

Salinas Valley Ford Lincoln Santa Paula Chevrolet

Scion Marin

Scott Robinson Honda Simpson Buick GMC

Simpson Chevrolet of Garden Grove South County Lexus of Mission Viejo

Stevens Creek Subaru Team Chevrolet **Thorson Motor Center** Torre Nissan **Towne Ford Sales** Toyota of Hollywood

Toyota Santa Monica Toyota Sunnyvale

Tuttle-Click Chrysler Dodge Jeep Ram

Tuttle-Click Ford Lincoln Tuttle-Click Hyundai Tuttle-Click Mazda

Tuttle-Click Tustin Chrysler Dodge Jeep Ram

Valencia BMW

Van Nuys Chrysler Dodge Jeep Ram

Vista Ford Lincoln

Vista Ford Lincoln of Oxnard Volkswagen of Downtown LA

Walter's Audi Walter's Automotive Walter's Porsche Weatherford BMW Weseloh Chevrolet Weseloh Kia Carlsbad

Comprehensive information on the LA County new vehicle market



FORECAST

County Market Gets Off to Good Start in 2016

Annual total likely to exceed 537,000 units

Below is a list of four trends in the Los Angeles County new vehicle market. Following each is Auto Outlook's prediction on whether the trend is likely to continue, or fade out.

Trend #1: New vehicle sales are increasing

County new retail registrations were up 8.9% in the First Quarter of this year. This followed the 12.5% increase from 2014 to 2015. Between 2009 (the low point in the downturn) and 2015, the county market improved by 117%.

Will this trend continue or fade out? We think it will fade out. Sales are likely reaching their peak. Further, significant improvement in sales seems unlikely. However, and importantly, we do not believe that a precipitous decline is in the cards. Strong consumer affordability, advanced age of cars on the road, and dramatic improvements in today's new vehicles should keep the market strong.

Trend #2: Truck sales are booming

Light truck market share in Los Angeles County hit 37.4% in the First Quarter of this year, up from 35.2% a year earlier. And the truck trend is even more evident when looking back several years. Light truck market share has increased by more than five points since 2012.

Will this trend continue or fade out? Barring a significant spike in gasoline prices, the trend should continue. Consumers have made it clear that if gas is affordable, light trucks (especially SUVs and pickups) are their vehicle of choice. There's obviously a limit to how high truck share can go, but we think it can sill move higher.

Trend #3: Luxury car sales are falling

New luxury car registrations in the county declined 5% during the first three months of this year versus a year earlier, while the overall market was up 8.9%.

Will this trend continue or fade out? It should continue. Obviously, consumer preferences for light trucks are hurting luxury car sales, but there is another force at work here: advanced safety features and connectivity options, once restricted to luxury cars, are now

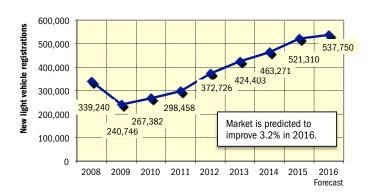
available on mainstream offerings. This "trickle down" of high tech features has negated some of the tangible benefit of purchasing a luxury

Trend #4: Consumer affordability is strong

Consumer affordability for new vehicles remains at very strong levels. The average monthly new vehicle payment as a percent of disposable personal income has been at very low levels for a long time, which has provided sustainable momentum for the new vehicle market.

Will this trend continue or fade out? It should continue. Although interest rates might move marginally higher during the next 12 months, personal incomes are improving. In addition, increasing incentives have kept a lid on vehicle prices which should combine to keep a new vehicle purchase within reach for a significant number of consumers.

Annual Trend in LA County New Vehicle Market



The graph above shows annual new retail light vehicle registrations in the county from 2008 thru 2015 and Auto Outlook's projection for 2016.

Market Summary

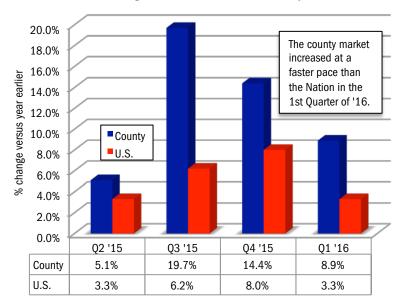
	YTD '15	YTD '16	% Chg.	Mkt. Share
	thru March	thru March	'15 to '16	YTD '16
TOTAL	121,508	132,358	8.9%	
Car	78,749	82,846	5.2%	62.6%
Light Truck	42,759	49,512	15.8%	37.4%
Domestic	22,468	25,901	15.3%	19.6%
European	26,239	27,374	4.3%	20.7%
Japanese	63,319	68,254	7.8%	51.6%
Korean	9,482	10,829	14.2%	8.2%

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

County Market Up 8.9% in 1st Quarter of 2016 vs. 3.3% in U.S.

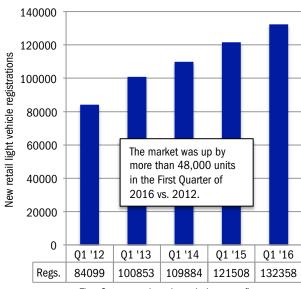
OUARTERLY TREND

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



QUARTERLY PERSPECTIVE

Five Years of First Quarter Results in County Market



First Quarter registrations during past five years

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 Domestic Share Trails U.S.

	County Ma	rket	U.S. Market*			
Percent change in registrations YTD '16 thru March vs. YTD '15	8.9%		3.3%			
Passenger car market share YTD '16 thru March	62.6%		41.6%			
Domestic brand market share YTD '16 thru March	19.6%		45.7%			
Top 10 brands and market share YTD '16 thru March						
First	Toyota	17.5%	Ford	15.1%		
Second	Honda	14.1%	Toyota/Scion	12.1%		
Third	Nissan	7.2%	Chevrolet	11.6%		
Fourth	Ford	6.0%	Nissan	9.0%		
Fifth	Chevrolet	5.7%	Honda	7.8%		
Sixth	Mercedes	5.5%	Jeep	5.1%		
Seventh	Lexus	5.4%	Hyundai	4.2%		
Eighth	BMW	5.4%	Kia	3.6%		
Ninth	Kia	5.3%	Dodge	3.4%		
Tenth	Hyundai	2.9%	Subaru	3.2%		

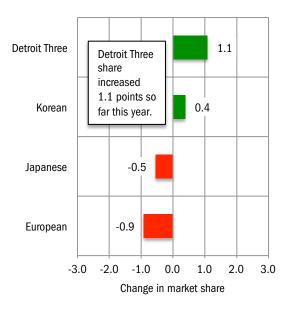
Source for LA County data: AutoCount data from Experian Automotive.

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

MARKET TRACKER: BRAND MARKET SHARE

Detroit 3 Brands Gain

Change in County Market Share YTD 2016 thru March vs. YTD 2015



The graph above shows the change in market share for four primary brand segments.

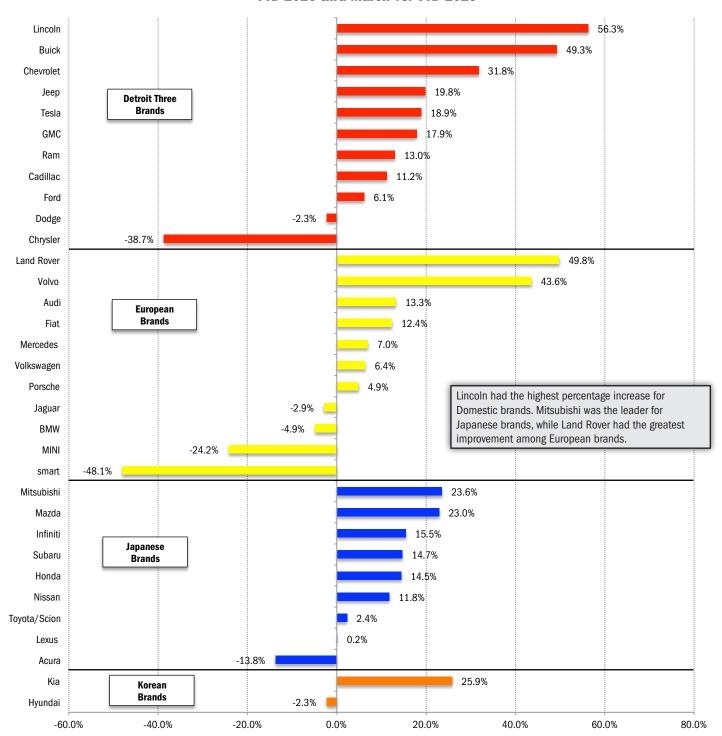
Data Source: AutoCount data from Experian Automotive.

Lincoln and Land Rover Post Large Percentage Gains

Buick, Volvo, and Chevrolet are also up sharply

The graph below provides a comparative evaluation of brand sales performance in the county market. It shows the year-to-date percent change in registrations for each brand, organized by category (i.e., Domestic, European, Japanese, and Korean).

Percent Change in County New Retail Light Vehicle Registrations YTD 2016 thru March vs. YTD 2015



Source: AutoCount data from Experian Automotive.

Brand Registrations Report
Los Angeles County New Retail Car and Light Truck Registrations

		LUS	_	County New	ketali t	ar and	Ligiit iruci	k Registra	YTD thru	March		
	March					,		la diatratia na			ot Chara (0	· · · · · · · · · · · · · · · · · · ·
	2015	egistrations 2016			Market Share (%) 2015 2016 Change		Registrations YTD '15 YTD '16 % change			Market Share (%) YTD '15 YTD '16		Change
TOTAL	46,026	48,070	4.4	2010	2010	onunge	121,508	132,358	8.9	110 10	110 10	Onlange
Cars	30,090	29,861	-0.8	65.4	62.1	-3.3		82,846	5.2	64.8	62.6	-2.2
Light Trucks	15,936	18,209	14.3	34.6	37.9	3.3		49,512	15.8	35.2	37.4	2.2
Domestic Brands	8,785	9,720	10.6	19.1	20.2	1.1	·	25,901	15.3	18.5	19.6	1.1
European Brands	9,183	9,392	2.3	20.0	19.5	-0.4		27,374	4.3	21.6	20.7	-0.9
Japanese Brands	24,273	25,021	3.1	52.7	52.1	-0.7		68,254	7.8	52.1	51.6	-0.5
Korean Brands	3,785	3,937	4.0	8.2	8.2	0.0		10,829	14.2	7.8	8.2	0.4
Acura	642	497	-22.6	1.4	1.0	-0.4		1,467	-13.8	1.4	1.1	-0.3
Audi	1,051	1,361	29.5	2.3	2.8	0.5		3,665	13.3	2.7	2.8	0.1
BMW	2,393	2,210	-7.6	5.2	4.6	-0.6		7,097	-4.9	6.1	5.4	-0.8
Buick	141	220	56.0	0.3	0.5	0.2	343	512	49.3	0.3	0.4	0.1
Cadillac	250	296	18.4	0.5	0.6	0.1		812	11.2	0.6	0.6	0.0
Chevrolet	2,189	2,733	24.9	4.8	5.7	0.9		7,561	31.8	4.7	5.7	1.0
Chrysler	263	137	-47.9	0.6	0.3	-0.3	679	416	-38.7	0.6	0.3	-0.2
Dodge	701	635	-9.4	1.5	1.3	-0.2	1,717	1,677	-2.3	1.4	1.3	-0.1
Fiat	322	334	3.7	0.7	0.7	0.0		817	12.4	0.6	0.6	0.0
Ford	3,073	3,268	6.3	6.7	6.8	0.1	7,456	7,914	6.1	6.1	6.0	-0.2
GMC	485	504	3.9	1.1	1.0	0.0	1,240	1,462	17.9	1.0	1.1	0.1
Honda	6,179	7,031	13.8	13.4	14.6	1.2	16,288	18,643	14.5	13.4	14.1	0.7
Hyundai	1,657	1,409	-15.0	3.6	2.9	-0.7	3,921	3,830	-2.3	3.2	2.9	-0.3
Infiniti	660	693	5.0	1.4	1.4	0.0	1,694	1,956	15.5	1.4	1.5	0.1
Jaguar	103	132	28.2	0.2	0.3	0.1		305	-2.9	0.3	0.2	0.0
Jeep	974	1,047	7.5	2.1	2.2	0.1	2,466	2,954	19.8	2.0	2.2	0.2
Kia	2,128	2,528	18.8	4.6	5.3	0.6		6,999	25.9	4.6	5.3	0.7
Land Rover	323	554	71.5	0.7	1.2	0.5		1,378	49.8	0.8	1.0	0.3
Lexus	2,416	2,427	0.5	5.2	5.0	-0.2	7,120	7,132	0.2	5.9	5.4	-0.5
Lincoln	131	257	96.2	0.3	0.5	0.3		641	56.3	0.3	0.5	0.1
Mazda	847	980	15.7	1.8	2.0	0.2		2,689	23.0	1.8	2.0	0.2
Mercedes	2,642	2,360	-10.7	5.7	4.9	-0.8		7,295	7.0	5.6	5.5	-0.1
MINI	368	279	-24.2	0.8	0.6	-0.2		869	-24.2	0.9	0.7	-0.3
Mitsubishi	190	213	12.1	0.4	0.4	0.0		519	23.6	0.3	0.4	0.0
Nissan	3,508	3,741	6.6	7.6	7.8	0.2	8,576	9,585	11.8	7.1	7.2	0.2
Porsche	322	350	8.7	0.7	0.7	0.0		988	4.9	0.8	0.7	0.0
Ram	375	416	10.9	0.8	0.9	0.1		1,078	13.0	0.8	0.8	0.0
smart	48	26	-45.8	0.1	0.1	-0.1	129	67	-48.1	0.1	0.1	-0.1
Subaru	1,057	1,192	12.8	2.3	2.5	0.2		3,101	14.7	2.2	2.3	0.1
Tesla	203	207	2.0	0.4	0.4	0.0		874	18.9	0.6	0.7	0.1
Toyota/Scion	8,774	8,247	-6.0 7.9	19.1	17.2 2.9	-1.9		23,162	2.4	18.6	17.5	-1.1 -0.1
Volkswagen Volvo	1,271 152	1,371 239		2.8		0.1	3,536 431	3,762 619	6.4 43.6	2.9 0.4	2.8	
Other	188	176	57.2 -6.4	0.3 0.4	0.5 0.4	0.2 0.0		512	-10.3	0.4	0.5	0.1 -0.1
I I				0.4	0.4	0.0	5/1	512				
Source: AutoCount data from Experian Automotive Top ten brands are shaded green.												

Los Angeles Auto Outlook

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