

SAN DIEGO

SUMMER 2021

# dealer

 TOYOTA

*Of Power*



GETTING TO KNOW NCDA'S  
INCOMING CHAIRMAN  
**VINCENT CASTRO**

# FERRUZZO



**Ferruzzo & Ferruzzo, LLP** began providing legal representation to new car and truck dealers nearly four decades ago. Over the course of that time, one of the central goals of the firm has been to remain rooted in our client relationships. With the strength of over 20 attorneys, we provide a spectrum of legal services to support every aspect of running and owning your new car and/or truck dealership. Each member of our team is available to service the needs of you and your dealership.

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- Consumer claims regarding the sale/lease of autos
- Manufacturer audit disputes
- Hearings before the AQMD, RWQC and OSHA

## Real Estate

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- Lender opinion letters
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# AUTO SHOWS MATTER TO DEALERS

**10.25 million+**



Consumers attend U.S. auto shows



**7 out of 10** attendees plan to buy a new vehicle within 12 months

**2x**

More likely to make a new-vehicle purchase within a year of visiting a show versus the general population



## PENALTIES OF ABSENCE

**25%-60%**

Surrender of brand gains

- Lost brand exposure
- Decreased brand opinion / Lower likelihood to buy
- Loss of “added to consideration” list

## AUTO SHOWS MATTER TO DEALERS

**Over 75%**

Dealers feel auto show absence has negative impact on customers' brand awareness

**Over 66%**

Dealers feel auto show absence has negative impact on customer traffic and on retail sales

**8 of 10**

Dealer rating of the importance of local auto shows for driving customer traffic into dealerships



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## CHAIRMAN'S LETTER

### Vince Castro

I am honored and privileged to become chairman of the New Car Dealers Association San Diego County. My experience as a board member over the past several years has exceeded my expectations. I've seen firsthand the work that the NCDCA does on behalf of San Diego County new car dealers; they deliver tremendous value, enabling us to stay focused on our complex, individual businesses.

Never has that been more important than now, as we continue to face significant challenges to the dealer franchise model by disruptors to our industry. The collective voice the NCDCA provides dealers, in cooperation with the California New Car Dealers Association (CNCDA) and the National Automobile Dealers Association (NADA), will prove invaluable once again as we work together to maintain a level playing field for all new vehicle retailers in California.


It is also important for us as dealers to support our 2022 San Diego International Auto Show after canceling the 2021 edition due to COVID-19. Not only does the auto show provide us with in-market customer leads, generate an increase in showroom traffic, and influence purchase decisions for an entire year, but it also provides valuable local media coverage for our industry and funding for the association. This funding enables us

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The collective voice the NCDCA provides dealers, in cooperation with the California New Car Dealers Association (CNCDA) and the National Automobile Dealers Association (NADA), will prove invaluable once again as we work together to maintain a level playing field for all new vehicle retailers in California.

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to keep NCDCA dues low and pay for your annual memberships in both the CNCDA and the NADA, not to mention the wide variety of other member benefits we enjoy.

I look forward to representing our association and collaborating with my fellow board members, the NCDCA staff, and our 100+ San Diego County new car dealer members to ensure a bright future for our industry. I encourage you to reach out to me or any of the NCDCA board members with any challenges or ideas you might have. 



The Dealer's Cloud-Native DMS



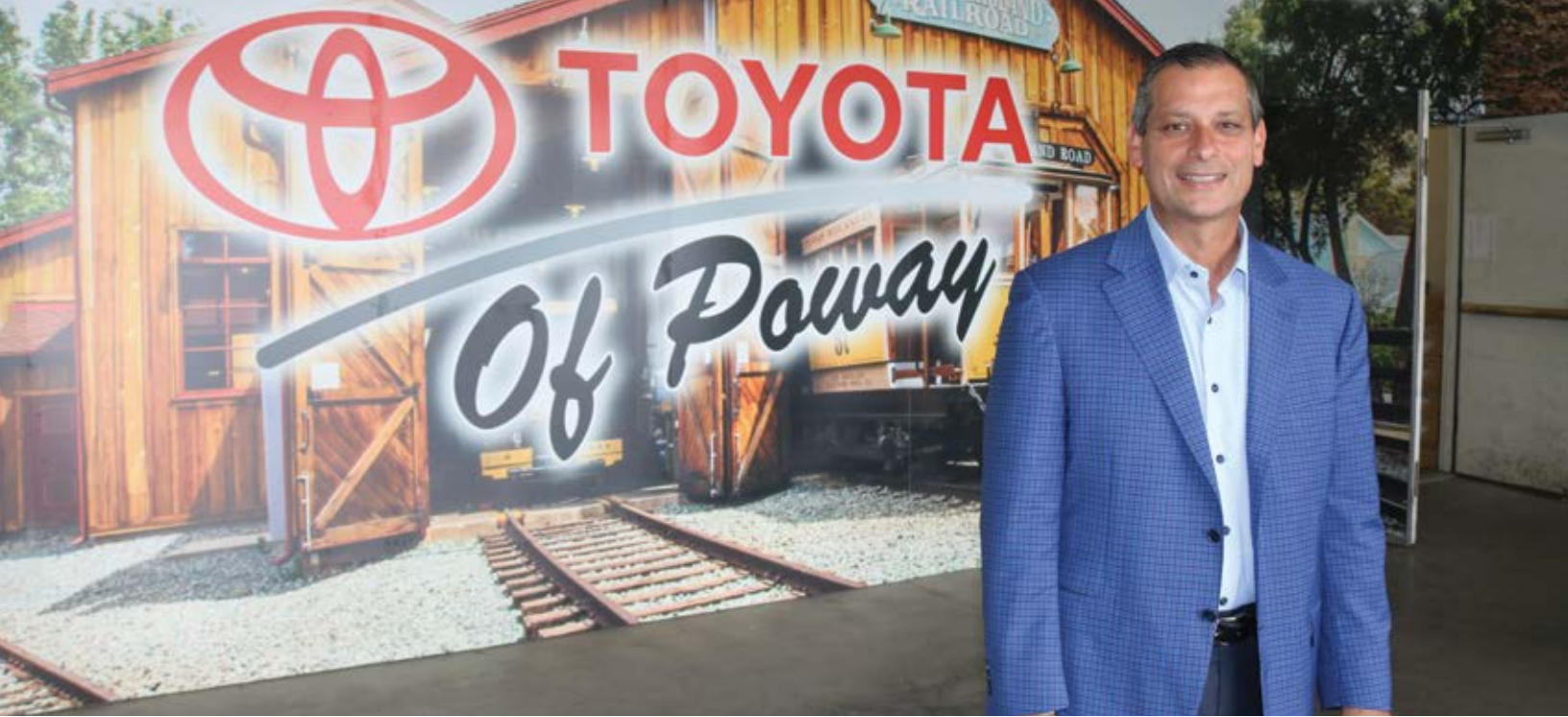
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# Getting to Know NCDA's Incoming Chairman

## Vincent Castro

**What made the auto industry your career of choice? You came from Louisiana; that's quite a ways from San Diego; how did that happen? Why San Diego?**

My best friend since the first grade — Troy Duhon — started selling cars because his father was a General Manager at a local dealership in New Orleans. I was working at a Sears automotive shop, Troy was selling cars, and when we would compare paychecks, my eyes were opened! I told Troy to get me an interview at the dealership, and 37 years later, here we are with eight new car dealerships and growing.

I saw some early success in the car business, and when I graduated from college, I decided to stay in the business and give it a go. I worked my way through management at several stores, and eventually when Troy bought Toyota of New Orleans — his first dealership — I became the GM. We did well, earning numerous Excellence awards as well as Toyota's Presidents Award.

After Katrina in 2005, it became apparent that we needed to expand outside of New Orleans. Opportunities in New Orleans were limited; we knew that, and we needed to spread out our asset base. In 2008 — yes, at the beginning of the housing crisis — we had the opportunity to buy a Toyota dealership in Poway. Opportunities like that don't come around often, so we needed to act on it, which meant taking a leap of

faith and me moving to Poway. My wife and children followed after the school year ended.

Troy and I have worked together for 37 years; we're friends and business partners. Over the years, we have acquired eight dealerships together.

**You moved to San Diego in 2008. How has your life and the business changed since then? Has the move been everything you thought it would be?**

I definitely leapfrogged into this life, if you will. I arrived first when we acquired the Poway store. My family was very supportive. I met my wife in 1989 when I sold her a car, so she knows the business. She and I both grew up in this industry — and she understands the sacrifices of time and commitment it takes to be successful.

Even in 2008, the auto industry in California was very different from the one in New Orleans. The West Coast led in digital marketing, even back then. I was able to pass a lot of good practices on to our group of dealerships back in New Orleans.

The move has been everything I had hoped for and then some. I love California. Before the move in 2008, I had never visited this part of California, so I had no idea what to expect. To be in a bedroom

Continued on page 10



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*Translates into real Cost Savings!*

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- 2 RESULTS**  
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- 3 KNOWLEDGE**  
We carefully analyze your data, retail repair orders and trends to ensure your warranty reimbursement on both parts and labor is maximized. We know everything there is to know about your state law, as well as your manufacturer's policy and procedure.
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- 6 REPUTATION**  
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# WHAT OUR CALIFORNIA DEALER CLIENTS SAY:

- ▶ Bellavia Blatt was incredibly helpful with the Warranty and Labor Increase process. They have assisted McKenna with 8 Warranty Labor Rate increases and 5 Warranty Parts increases. Each time they amaze me with how simple the process is and the substantial increase they are able to obtain for our Parts and Service Departments. The flat rate fee is reasonable, and the Team at Bellavia Blatt are professional and easy to work with!! Thank you from the Team at McKenna.

**CINDY PIRTLE**

McKenna Auto Group  
Fixed Operations Director  
Norwalk, South Bay, and Huntington Beach, California

- ▶ Ken did a great job. We are pleased with the results.

**GEORGE HAY**

Jim Burke Ford Lincoln  
VP General Manager at the Automall  
Bakersfield, California

- ▶ Bellavia Blatt and team did a great job assisting our dealership group in obtaining an increase in our warranty labor rate and parts mark up. They were professional and thorough in helping us navigate through the process and working with the manufacturer should any discrepancies arise! I highly recommend Bellavia Blatt for your warranty and parts analysis and submission!

**ERNE CAMPORA**

Stead Automotive Group  
Walnut Creek Ford  
Walnut Creek, California

- ▶ We are very pleased with the work performed by Bellavia Blatt. We received the maximum parts and labor rate possible and the fees were very reasonable (substantially less than Armatus).

**DARREN ANDERSON**

Lehmer's Concord Buick GMC  
Concord, California

- ▶ Once again Bellavia Blatt has gone above and beyond to help us increase our Warranty gross profit. "We are so happy that we chose Bellavia Blatt to submit for our California AB179 increase. Gary did an amazing job and got us approved in less than a day with a huge increase in our rate!" Thanks again for all the help!

**MATT CLANCY**

Team Nissan  
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*Retail Warranty*  
**REIMBURSEMENT**

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**kada**

**THE PIONEERS IN RETAIL WARRANTY REIMBURSEMENT**

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As an industry, I suspect that we will see technology become front and center in just about every dealership department, which doesn't mean that relationships will necessarily suffer, but I do think that as technology grows, we as dealers will need to emphasize relationships more.

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community marketplace means that you are truly part of the community. The local community embraced us from the start. We love it here.

We also have dealerships in Carlsbad, Buena Park, and in Seaside (Monterey Bay Area) — all equally wonderful places.

### **Describe your educational background. What did you study?**

After graduating high school, I attended the University of New Orleans, where I earned a Bachelor of Science degree in Business. I worked my way through college as a salesperson for a local Toyota dealer. I was 20 years old at the time, and I've worked in the industry pretty much ever since — 37 years. They say once the car business gets in your blood, you can't get it out. I would have to agree with that.

### **Are there any specific individuals who had a major impact on your career?**

My wife, Lourdes, has played a big part as well. She has been extremely supportive over the years as I built my career in this business.

My partner, Troy Duhon, was the youngest first-generation Toyota dealer in the U.S. I had front row access to running a dealership. And there have been colleagues and managers that I learned from — what to do and what not to do.

The auto industry is not an industry where you do it on your own; it's a team effort. You need to find mentors, develop and work with a great team, and be aggressive in stepping up when a learning opportunity presents itself.

### **What is the most rewarding part of your career?**

The relationships. The access to many friends. It's the people part. Being able to help our associates grow. We've had six executive managers that have gone on to become partners. Watching their dreams come true is the most rewarding.

### **What do you think will be some of the auto industry's dominant trends in the next five years?**

I think to some extent, the pandemic inadvertently set the stage for future trends that may or may not have ever happened to the extent I believe we will see them now. For instance, the way in which people will buy cars — more at-home auto purchases, more at-home deliveries, streamlining of the sales process — will become more normal. I

suppose you might call it "a more Amazon type of way."

As an industry, I suspect that we will see technology become front and center in just about every dealership department, which doesn't mean that relationships will necessarily suffer, but I do think that as technology grows, we as dealers will need to emphasize relationships more.

I also see the market gravitating toward EV. The more we go into it, the more confident I am that the franchise model will continue to play a big part in how cars are sold. The franchise system is still the best way to sell cars.

### **Why is it important to be an NCDA member? What makes it beneficial?**

When I first came on the board, I wasn't sure what to expect. Being a part of the NCDA has made me aware of the legislation in California — it's important to be aware of the laws, and there are a lot of laws to be aware of. Knowing and understanding the State's rule and laws is very important. The NCDA helps me and other dealers stay abreast of changes and also gives us a collective voice.

Since being on the West Coast, I've learned that digital advertising works. The online community-type marketing creates relationships. The West Coast is very tech-savvy.

I look at membership in NCDA and CNCDA as educational and prevention planning. These organizations do a lot of heavy lifting, so we, as dealers, can focus on our day-to-day operations.

### **Are you involved in any civic or charitable organizations?**

My partner Troy and I have always shared a philosophy that profit needs to come with a purpose. We're very involved in the community. I think as business owners, we need to give back.

For our dealerships, it's a way of life. Here in Poway, we sponsor many high school activities, we give to the San Diego Center for Children, and we sponsor the Lake Poway 4th of July Fishing Tournament and the Summer Concert Series as well as the Marine Scholarship Foundation. We're also supporting the San Diego Food Bank. The work they are doing is so important — sadly, the need is so big. My family is also very involved with our church, St. Michael's Catholic Parish.

### **What's the secret sauce for you in running a successful dealership?**





The auto industry is not an industry where you do it on your own; it's a team effort. You need to find mentors, develop and work with a great team, and be aggressive in stepping up when a learning opportunity presents itself.

I think that this is true for any organization — and certainly ours — it's the people. If there is a secret, it's spending the time and getting to know your people. It's instilling your company's culture, philosophy, and energy into the day-to-day that makes the difference. It's what makes the whole operation authentic from the top down. Everyone's on the same page as to what is important. I think it's paramount in streamlining what you are truly trying to accomplish. The better understanding, the more successful.

### **If you look back at your career and life, what would be three things you have learned that you would pass onto a younger member within the auto industry?**

This is a question that certainly hits home. My son Michael is 26 years old, and he is just starting in the business. The opportunity of mentoring my son is absolutely a wonderful experience for me. Here's what I have told him:

- Always take care of the customer.
- There aren't any shortcuts to success in this business — gain as much experience as possible because that is what you will need to rely on in the future.
- Always learn — be ready to adapt to new and better ideas, processes, and be agile.

### **How did you weather the pandemic storm?**

Well, I think it falls back on being agile, thinking fast on your feet. However, I credit our people — our team members, our customers, and industry partners for helping us be agile. The past year or so has been a moving target.

The low point was, of course, when we furloughed our staff because we had to stop sales. Getting our people back during such uncertain times was stressful — for them and for our leadership. The most important thing was making sure everyone was safe and comfortable, and our people showed up, determined to make the best of the situation.

There's been a lot of uncertainty — I think that there still is to some extent. I am not sure that we can all breathe a collective sigh of relief yet. It's better, so much better. We're very low on vehicle inventory, but, on the positive side, the demand is there.

The conditions for the industry are fantastic — interest rates are low, the average consumer's car is about 13 years old, so there's a demand for new vehicles, and the consumer's mindset, after the past year, is that they are ready to buy. All of this is positive.

### **What is the takeaway for you from the pandemic that will guide your future business decisions as a small-business leader?**

The takeaway from any adverse situation is this: take care of your people in good times, and they will take care of you in bad times. That is what stands out.

I have a different perspective than most small-business owners and most dealers. My partner, Troy, and I have several dealerships in Louisiana — New Orleans, specifically — and in 2005, when Katrina hit, we lost 1,200 cars and 65% of our market. Everything we had worked for was mostly gone. We had OEMs questioning whether we should even open back up.

A month after Katrina — one full month after — we still didn't have cellphone coverage. It was nonexistent. I remember taking a yellow legal pad and writing down telephone numbers and spreading them out on a table, so I could call our people and check up on them as we could.

Both Troy and I had a sort of dress rehearsal ahead of last year. The whole country saw the aftermath of Katrina, but we experienced it. I think there is a certain skill set that is developed from really tough times and you learn very quickly what's important — and it's this: the goodwill you have

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developed from your interpersonal relationships, from staff to customers. At the end of the day, without people, you won't have a business.

Katrina and what we learned — that set me up for COVID-19. First, take care of people. Appreciate them — let them know you appreciate them.

And then, after Katrina, we had the opportunity to broaden our business to California in 2008. Those were tough years in the auto industry; 2008, 2009, and 2010. I remember going to dealer meetings and hearing over and over that the sky was falling. I remember thinking, you have a market, people are working, you have inventory. My perspective is different, and I think it will always be. I got my skillset from Katrina, and it's served me well, first in 2008 – 2010 and again as COVID-19 spread and things shut down.

### What do you foresee as industry challenges in the next five years?

There will be disruptors to the industry; there have been and will continue to be. I think the biggest will be the assault on the franchise business model. I think we will have to be diligent in our support of NCDA to make sure that the franchise laws hold.

That's one of the biggest reasons to become a member of NCDA. They are the ones on the front line, fighting the good fight for all of us. Our voice is much stronger when we come together, as a member of NCDA.

### Describe your all-time favorite vehicle (it can be one you've owned or something on your wish list). What are you driving now?

One of my favorites — it took me seven years to locate it — is my 1971 Toyota Landcruiser, with the original engine. It's fun to drive on weekends. I would love to get the new Corvette, Chevrolet's latest generation of Corvette. But the demand is so strong that I just can't!

### Tell us about your family.

My wife, Lourdes, and I have three children, Michael, who is 26; he graduated from ASU and returned to Poway to work at the dealership — learning the car business and is doing really well. There's a lot of car talk around the dinner table! We also have two daughters — Alexis who graduated from SDSU, worked with us at the Poway dealership, and now works for an international tech company. Allyssa, our youngest, is working part-time at the dealership while in college. She is starting at the University of San Diego this fall. Lourdes and I are really blessed; our kids are really great, all healthy, and we are a very close family.

### What is your favorite way to spend your free time? Any unusual hobbies?

Nothing unusual. I like to golf, golf and golf. It's a big part of my development in the car business. Contacts and relationships. It's a wonderful game. Teaches life lessons, and it's a great way to decompress. I also love to spend time with my family. 🏠



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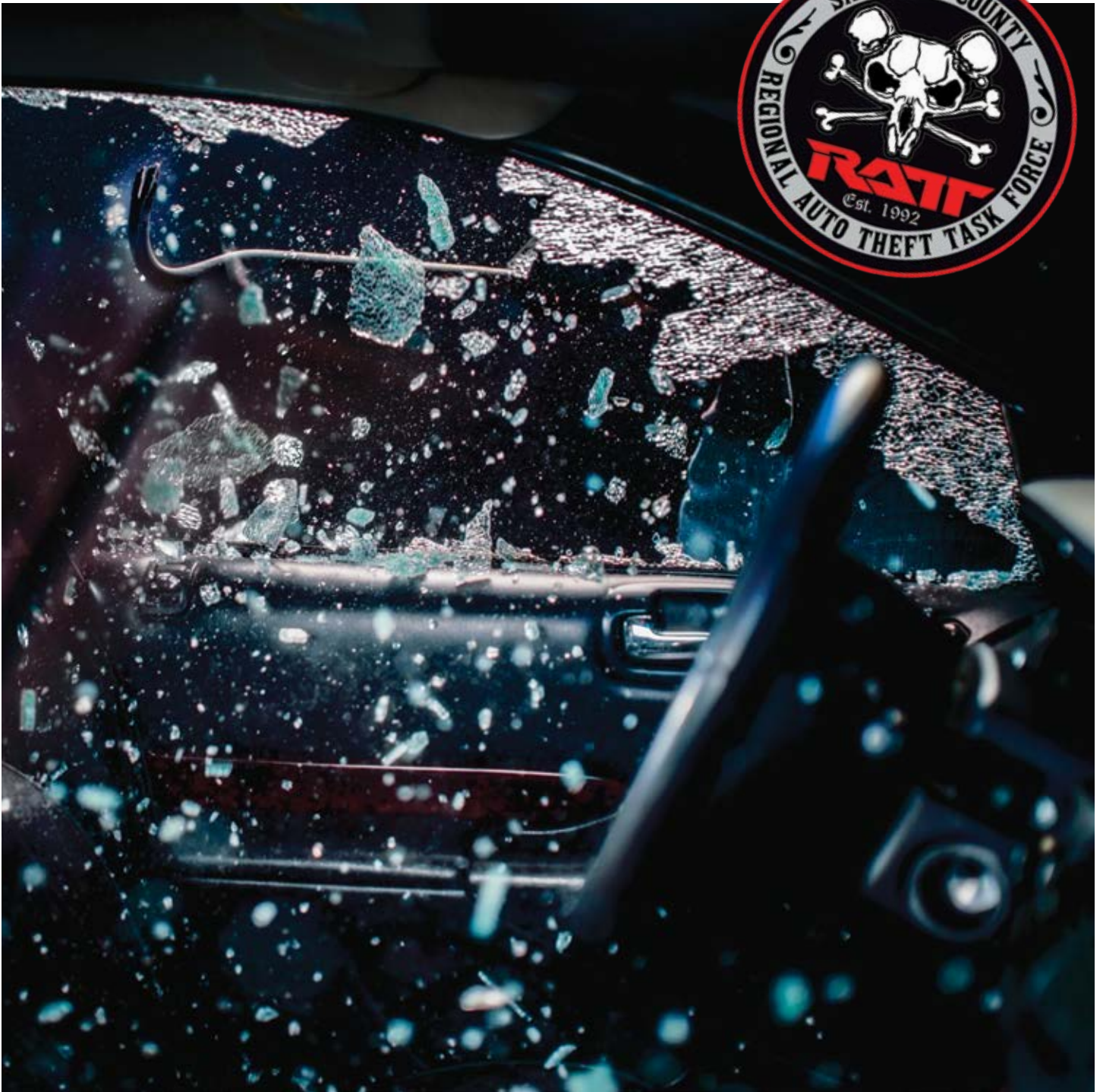


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# SAN DIEGO COUNTY REGIONAL AUTO THEFT TASK FORCE (RATT)





Recently, CHP Captain Gil Campa, Commander of the San Diego County Regional Auto Theft Task Force (RATT) and two Sergeants from the Task Force visited with the NCDCA Board of Directors to provide an update and overview regarding RATT's enforcement priorities, effectiveness and challenges. RATT's mission is to effectively communicate with stakeholders in San Diego County to reduce the incidence of vehicle theft and increase the apprehension and prosecution of professional thieves using regional proactive investigative methods and public education.

RATT's effectiveness is enhanced significantly through the participation of many law enforcement agencies, including:

- San Diego District Attorney's Office
- California Highway Patrol
- California Department of Insurance
- National Insurance Crime Bureau
- San Diego Police Department
- San Diego Sheriff's Department
- Chula Vista Police Department
- National City Police Department
- La Mesa Police Department
- California Department of Motor Vehicles
- United States Border Patrol
- United States Secret Service

Auto theft is still on the rise in San Diego County, with 10,175 vehicles stolen in 2020, which is an increase of 2.3% compared to 2019. Our county is now ranked fourth in the state, behind Los Angeles, Riverside and San Bernardino. San Diego County accounts for nearly 6% of the 180,939 vehicles stolen in California throughout 2020.

On the enforcement front, the RATT team performed 1,752 investigations over a period spanning 2019 to 2021, resulting in 175 arrests and 667 vehicle recoveries, valued at over \$11 million. Eleven separate investigations have involved fraudulent purchases from San Diego dealerships. Thirty-seven suspects have been identified and over 140 vehicles are involved in this growing crime trend.


Some of the RATT investigative "highlights" include:

- **2021:** RATT Detectives have been looking into several vehicle thefts from car dealership lots in Poway, Lemon Grove and Oceanside. Some of the stolen vehicles have been recovered in San Bernardino and Los Angeles Counties. Currently there is no direct connections between the thefts.
- **Operation Clean Sweep:** This investigation involved the fraudulent purchase of a vehicle from a luxury brand in San Diego. An arrest resulted in the identification of three additional vehicles purchased using the same fraudulent methods. The investigators determined that the suspect's brother and a dealership salesperson assisted in the use of stolen identities to fraudulently purchase vehicles.
- **Operation Sharp Practice:** This three month investigation involved seven individuals that fraudulently purchased 20 vehicles. The theft ring utilized fraudulent military IDs and California IDs to purchase new vehicles. The total value of those vehicles exceeded \$350,000.



RATT investigations from 2019 to 2021 have produced 175 arrests.

- **Operation Blindside:** After three years, this investigation revealed that 110 vehicles were purchased by fraudulent means, at a loss of over \$5 million dollars. Twenty-one defendants were charged with more than 275 felony violations.

In addition to investigating auto theft related crimes, RATT can help dealers with Identity Theft Protection Alert (iPAS) and dealership training to help your key employees better identify fraudulent transactions. Training will be restricted to Owners, General Managers and Finance Managers. 

*If you need assistance with a suspicious or fraudulent purchase, or if your dealership has been the victim of auto theft, please contact the RATT team using their direct line, 858-627-4000. If you call after normal business hours, please listen to the voicemail message for the on-call supervisor's mobile phone number or, you can reach the RATT team by going to their website, [sdratt.com](http://sdratt.com).*





# CALIFORNIA USED OIL RECYCLING PROGRAM

**J**ust imagine this as someone taking your empty soda cans to the recycling center for money. Now imagine your used oil, which is being taken away for recycling, has a refund associated with it. All you have to do is sign up as a California Used Oil Recycling Center and then we at CSI file this claim for you as part of our service. The money is 16 cents per gallon of used oil or about \$3,000 per year (based on 1562 gallons of used oil per month). All you have to do is deposit the check the state sends you every quarter.

Frequently Asked Questions and answers are available on the state website, <https://www.calrecycle.ca.gov/usedoil/certcenters/faq>.

For a full list of responsibilities, see the CCC program homepage at <https://www.calrecycle.ca.gov/UsedOil/CertCenters/>, which summarizes and links to the Operators Guide (<https://www2.calrecycle.ca.gov/Publications/Details/1523>).

## Q: What forms do I need to complete to get certified?

A: Celly Services will complete all forms that you need to get certified. (<https://calrecycle.ca.gov/usedoil/forms>)

## Q: What if the oil looks contaminated?

A: You can decline the acceptance of contaminated used motor oil or other waste given to you. Instructions are listed here: <https://www.calrecycle.ca.gov/UsedOil/CertCenters/#Contaminated>. Ask them to take it to a facility as provided by the state. <https://www.calrecycle.ca.gov/UsedOil/Handling/Contaminated/>  
<https://www.calrecycle.ca.gov/usedoil/handling/contaminated/procedures>

## Q: Do I need to keep any special/extra paperwork as part of the program?

A: No. We obtain your used oil pickup receipts from your used oil hauler.

## Q: What is the maximum amount of oil that a person can bring?

A: You can set a limit where you may not accept more than 5 gallons from a person.

## Q: How does this affect my image as a new car dealer?

A: The fear that unsightly homeless in pajamas will show up with a gallon of used oil in your driveway is unfounded. No dealership in the program (CSI client) has ever seen them in the drive with oil.

## Q: What paperwork needs to be posted?

A: The Certificate of a Used Oil Recycling Center (8.5 x 11 sheet of paper) needs to be posted in a conspicuous place. Also, a Used Oil Recycling Center sign (provided by the state at no cost) needs to be posted in your driveway where customers can see it as they enter your facility.

## Q: Do I need to pay the public?

A: Offer the public 40 cents per gallon of used oil. No paperwork is needed.

## Q: Is there a long-term contract with the state?


A: No, you can get off the program with a simple letter to the state.

## Q: What if my oil gets contaminated?

A: You may keep a 16-gallon drum separately to store used oil from the public and keep suspected oil in that drum. If taking oil from the public contaminates your oil, the state will reimburse you for incremental costs for disposal due to the contamination, presuming the source of contamination was public oil (up to a maximum of \$5,000 per year). Signs are available from the state at no cost to remind both employees and customers not to mix anything with used oil or pour contaminated used oil into storage tanks.

## Q: How do I get the gallons of new Oil+ATF purchased per quarter needed for the claim?

A: Contact your bulk oil supplier for the number.

*Additional resources: Certified Collection Center Operators Guide - <https://www2.calrecycle.ca.gov/Publications/Download/1159> and SB 546 Lowenthal eff. January 1, 2010. *

*If you need further details or wish to have a copy of the application, please contact [sam@cellyservices.com](mailto:sam@cellyservices.com).*

# ASSEMBLYMEMBER DR. AKILAH WEBER



*Assemblymember Dr. Akilah Weber with her mother, California Secretary of State, Dr. Shirley Weber.*


**D**r. Akilah Weber was elected April 2021 to represent California's 79th Assembly District, including parts of Southeast San Diego, Bonita, Chula Vista, La Mesa, Lemon Grove and National City. Dr. Akilah Weber is a medical doctor, educator, City Council member, San Diego native, and mom to two young boys.

Dr. Weber is a board-certified obstetrician/gynecologist, and she is the founder and past director of the Pediatric & Adolescent Gynecology Division at Rady Children's Hospital San Diego. She also served as an Assistant Clinical Professor in the Department of Obstetrics, Gynecology & Reproductive Sciences at UCSD.

Dr. Weber has served on the La Mesa City Council, where she's worked to implement the city's Climate Action Plan and championed creating both a Community Police Oversight Board and the La Mesa homelessness task force. Since the outbreak of COVID-19, Dr. Weber has also been on the frontlines of the city's efforts to protect public

health. Her long record of community activism includes serving on the boards of La Mesa Conversations and the La Mesa-Foothills Democratic Club and volunteering as the science coordinator for the Links to STEM program for children who are underrepresented in STEM fields.

Dr. Weber grew up in the Oak Park neighborhood of San Diego and graduated from Encanto Elementary School and Gompers Secondary School. She earned her Bachelor's degree from Xavier University of Louisiana and her Medical degree from the University of Rochester Medical School. Dr. Weber completed her residency in Obstetrics & Gynecology at Chicago Cook County Hospital and her fellowship in Pediatric & Adolescent Gynecology at Cincinnati Children's Hospital.

Dr. Weber, and her husband, Dennis, live in La Mesa with their boys, Kadir and Jalil, and their rescue dog, Shaka. She is a member of Delta Sigma Theta Sorority, Inc. and The Links, Incorporated. 



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# NEW CCPA REGULATIONS ALREADY WENT INTO EFFECT. ARE YOU COVERED?

By Chris Cleveland, ComplyAuto

**E**arlier this year, Attorney General Xavier Becerra announced another set of regulations that changed the laws under the California Consumer Protection Act (CCPA), which went into effect immediately. (A copy of the modified regulations can be found online at <https://oag.ca.gov/news/press-releases/attorney-general-becerra-announces-approval-additional-regulations-empower-data>). The following is a high-level overview of what you will need to do:

1. Update CCPA signage. The regulations now require that the “Do Not Sell My Personal Information” disclosures be posted in the areas where the dealer collects personal information. Therefore, you will want to ensure you update your CCPA signs to include this disclosure that links the consumer to your interactive web form for submitting CCPA opt-out requests. Remember, dealers are indeed deemed to be “selling” information as that term is broadly defined under the law.
2. Ensure your CCPA forms allow for authorized agents requests. The regulations have clarified the requirements for verifying CCPA requests submitted by a consumer’s authorized agent. Many dealerships are using CCPA forms that do not comply with these requirements. The identity verification requirements for authorized agents are complex and somewhat counterintuitive, so it is important to ensure you have a process set up for complying with these regulations.
3. Add the new opt-out icon. The regulations now specify a particular design and colors for the CCPA opt-out icon (see below). It is highly recommended that dealers conform to this design and use a cookie banner that allows users to accept or decline third-party tracking cookies, which are considered a “sale” of information under the CCPA. Unfortunately, most dealerships are using cookie banners that do not support compliance with these rules.




4. Stop requiring unnecessary information for opt-out requests. There are four different types of requests a consumer can submit under the CCPA, and each has its unique identity verification requirements. The standard is the lowest for opt-out requests, and the new regulations prohibit businesses from asking for unnecessary information to process the request. Again, many dealership web forms do not comply with these requirements



because they are not set up to differentiate between the different types of requests. For example, many will require the customer to enter a VIN or address to process an opt-out request.

5. Ensure all “opt-out” links take the consumer directly to an interactive CCPA web form. After clicking on the “opt-out” or “do not sell” button, many websites direct the consumer to the dealer’s privacy policy. This is now prohibited. Instead, the consumer must be taken directly to the interactive CCPA web form where they can immediately submit the opt-out request.

## Don't Have a Sign Yet?

If you do not have a sign that correctly provides a “notice at collection” to consumers who enter your dealership or service department, you can visit [complyauto.com](https://complyauto.com) to view a sample. 



*ComplyAuto LLC is a RegTech company offering cloud-based software that helps dealerships enhance their compliance capabilities while becoming more efficient and cost-effective. ComplyAuto uses data analytics and AI to provide real-time automated compliance decisions, performing tasks that would normally require manually-intensive processes and human intelligence.*



# San Diego Auto Outlook

Comprehensive information on the San Diego County new vehicle market



NEW CAR DEALERS ASSOCIATION  
SAN DIEGO COUNTY

## FORECAST

### Supply Issues To Hold Back Sales in '21, But Should Strengthen Rebound in '22

As mentioned in the previous release of Auto Outlook, if new vehicles sales in 2021 were solely a function of demand, the county market would have been off to the races. And this was evident in the first half results. Even with supply bottlenecks and inventory shortages, new retail light vehicle registrations soared 35.2% versus depressed year-earlier levels, and were up compared to historically strong results in 2019. Second Quarter registrations this year were the highest they have been since 2017. If inventories were plentiful, it's possible that county registrations could have increased by more than 25% in 2021.

Healthy sales so far this year are due to unprecedented strength in the three key pillars of demand. Consumers have an elevated **ability, want,** and **need** to purchase new vehicles. Individually and collectively, these three forces are at levels unseen for perhaps the past 30 years. Each is summarized below.

**Consumers have the ability to purchase new vehicles.** The combination of historically low interest rates, rising wages, accumulated sav-

ings during the pandemic, record high household net worth, and elevated trade-in values have supercharged consumer affordability, putting a new vehicle purchase within reach for a significant percentage of households.

**Consumers want to purchase new vehicles.** It's evident that the desire for personal transportation has spiked as a result of the pandemic. In addition, the bevy of new products hitting the market that offer an unprecedented array of body styles, powertrains, and safety features have undoubtedly lured many shoppers to enter the market.

**Consumers need to purchase new vehicles.** The average age of vehicles on the road in the U.S. exceeds 12 years old. The average 12 year old vehicle is practically antiquated compared to cars and trucks on the market today. And the 13.4% decline in registrations last year has resulted in accumulated pent-up demand. These postponed purchases will occur at some point in the future.

But sales volumes are determined by both demand AND supply. And perhaps more than at any point in the industry's past, supply issues and inventory shortages are clearly the controlling factor putting a ceiling on sales this year. It goes without saying that dealerships never like to turn customers away, but there is a "silver lining" that partially offsets the pain of having more buyers than cars to sell: a cooling of the market, perhaps lasting for the rest of this year, will help to smooth out, and lengthen the post-pandemic sales recovery.

#### Forecast for San Diego County New Vehicle Market



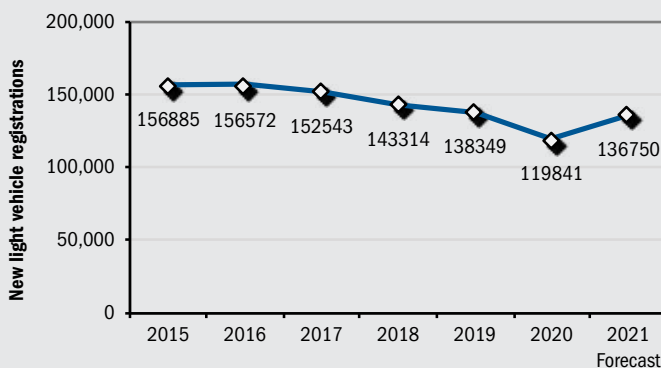
#### Predicted new retail registrations for all of 2021:

136,750 units, up 14.1% vs. 2020

#### Preliminary forecast for 2022:

145,000 units, up 6% vs. 2021

Annual Trend in County Market



Historical Data Source: AutoCount data from Experian.

The graph above shows annual new retail light vehicle registrations from 2015 thru 2020 and Auto Outlook's projection for all of 2021.

Market Summary

	YTD '20 thru June	YTD '21 thru June	% Chg. '20 to '21	Mkt. Share YTD '21
TOTAL	55,677	75,263	35.2%	
Car	19,509	22,951	17.6%	30.5%
Light Truck	36,168	52,312	44.6%	69.5%
Domestic	15,499	21,156	36.5%	28.1%
European	8,282	11,636	40.5%	15.5%
Japanese	26,950	35,563	32.0%	47.3%
Korean	4,946	6,908	39.7%	9.2%

Data Source: AutoCount data from Experian.

Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa and FIAT), and Tesla.

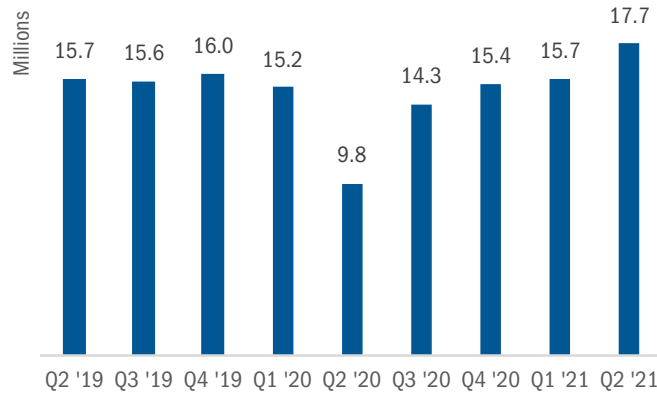
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# San Diego County New Vehicle Market Dashboard



## MARKET PERFORMANCE DURING PAST TWO YEARS

**San Diego County Quarterly Registrations**  
**Seasonally Adjusted Annual Rate, Converted to Equivalent U.S. New Vehicle Market SAAR (millions of units)**



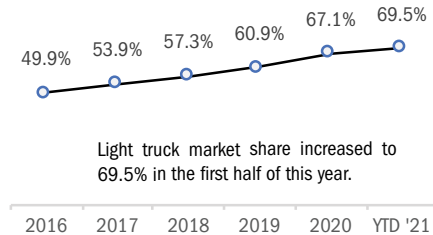
The graph on the left provides an easily recognizable way to gauge the strength of the county market. It shows quarterly registrations based on a seasonally adjusted annual rate. These figures are then indexed to SAAR sales figures for the U.S. new vehicle market. So just like in the national market, when the quarterly SAAR is above 17 million units, the county market is strong, 15 million is about average, and below 13 million is weak. Quarterly registrations in the county reached 15.7 million units in the First Quarter of 2021 and approached 18 million in the Second Quarter.

Data Source: AutoCount data from Experian.

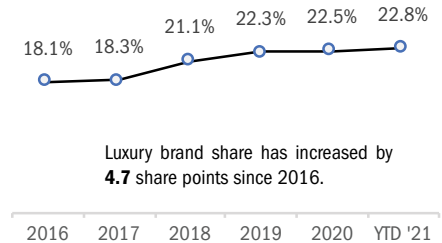


## KEY TRENDS DURING PAST 5 YEARS

**Light Truck Market Share 2016 thru 2020 and YTD '21 (June)**



**Luxury Brand Market Share 2016 thru 2020 and YTD '21 (June)**



Data Source: AutoCount data from Experian.

At Auto Outlook, we strive to provide sound and accurate analyses and forecasts based upon the data available to us. However, our forecasts are derived from third-party data and contain a number of assumptions made by Auto Outlook and its management, including, without limitation, the accuracy of the data compiled. As a result, Auto Outlook can make no representation or warranty with respect to the accuracy or completeness of the data we provide or the forecasts or projections that we make based upon such data. Auto Outlook expressly disclaims any such warranties, and undue reliance should not be placed on any such data, forecasts, projections, or predictions. Auto Outlook undertakes no obligation to update or revise any predictions or forecasts, whether as a result of any new data, the occurrence of future events, or otherwise.

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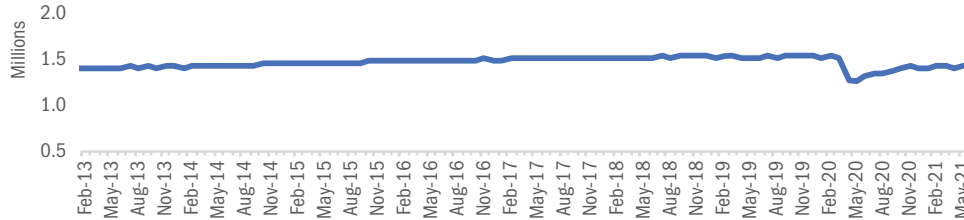


# San Diego County New Vehicle Market Dashboard



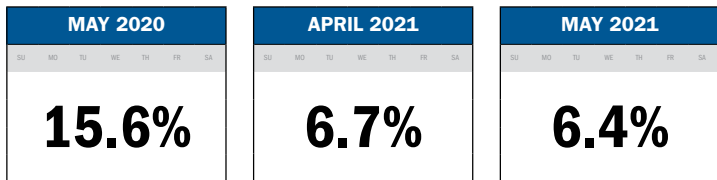
## TRACKING ECONOMIC INDICATORS

### Total Employment in San Diego County



Total employment in San Diego County was 1.42 million in May of this year, up from the low-point in April of 2020, but still off from pre-pandemic levels. The county unemployment rate was 6.4% in May of this year. Debt service payments as a percent of disposable personal income declined to 8.2% in the First Quarter of this year, a positive sign that household debt is under control.

### Monthly Unemployment Rates in San Diego County



### Average Hourly Earnings for All Workers in County - May 2021



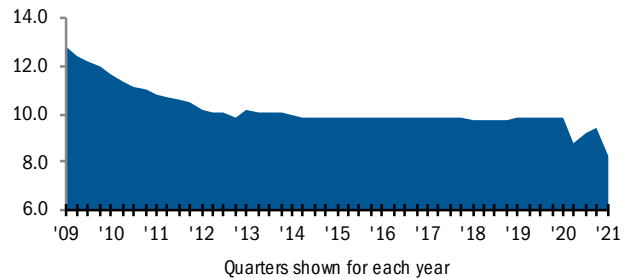
### University of Michigan Consumer Sentiment (U.S.)



10 year high - 101.4 (Mar. 2018)  
12 month high - 101.0 (Feb. 2020)  
  
Most recent - 82.9 (May 2021)  
  
10 year low - 55.7 (Aug. 2011)

Key Values During Past 10 Years

### Debt Service Payments as a % of Disposable Personal Income (U.S.)

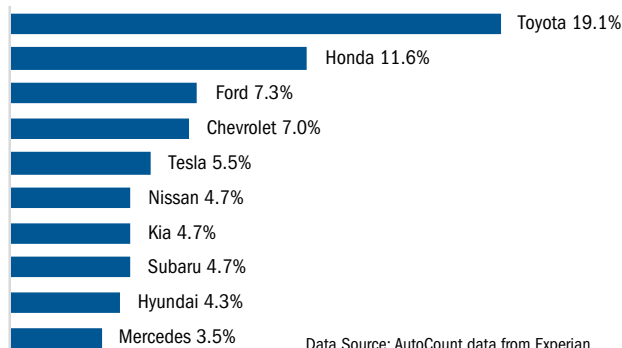


Sources: Bureau of Labor Statistics, University of Michigan, and U.S. Bureau of Econ. analysis.

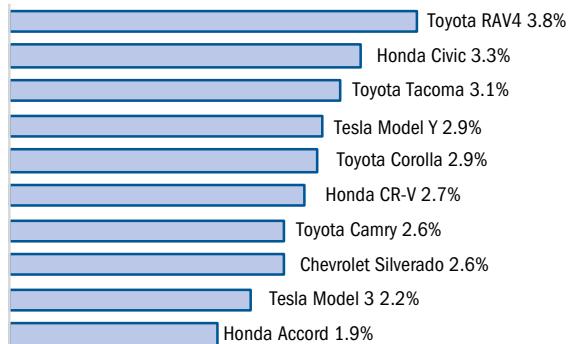


## TOP TEN RANKINGS IN COUNTY MARKET

### Market Share for Top Ten Selling Brands in County Market YTD 2021 thru June



### Market Share for Top Ten Selling Models in County Market YTD 2021 thru June



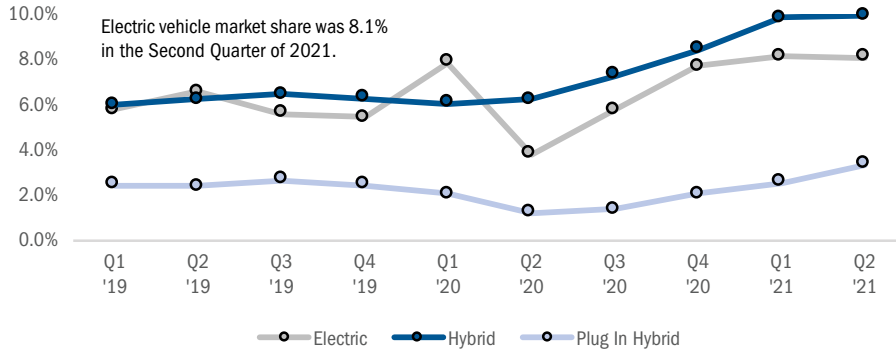
Continued on page 24

# San Diego County New Vehicle Market Dashboard



## TRACKING ELECTRIC AND HYBRID VEHICLE SALES

**Estimated Quarterly Alternative Powertrain Market Share (includes hybrid and electric vehicles)**



**YTD Share by Engine Type (2020 and 2021, thru June)**

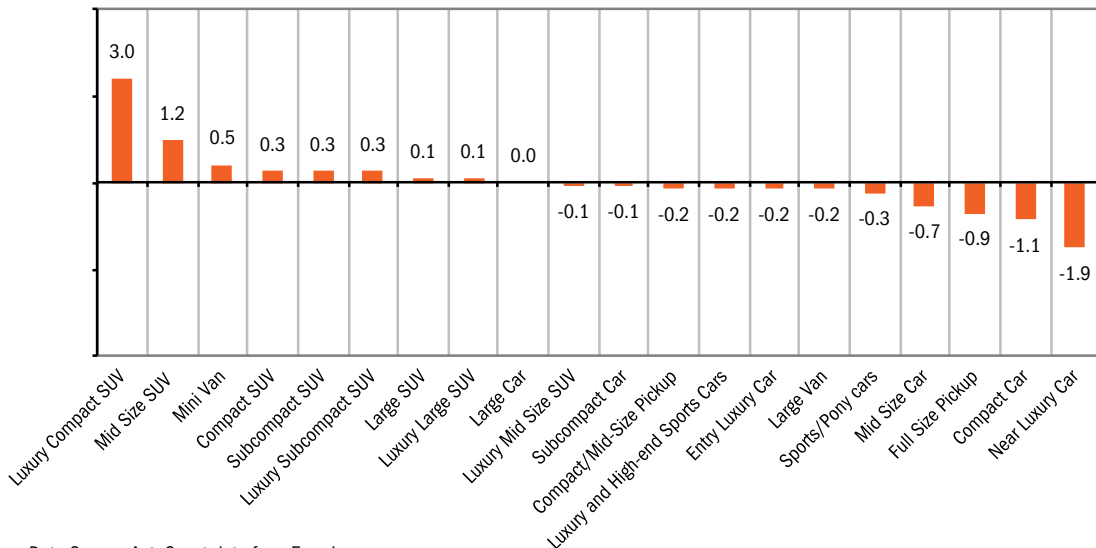
	YTD '20	YTD '21	
Hybrid	6.1%	9.9%	↑
Electric	6.2%	8.1%	↑
Plug In Hybrid	1.8%	3.0%	↑

The graph above shows estimated hybrid powertrain and electric vehicle market share. Registrations by powertrain for vehicles equipped with multiple engine types were estimated by Auto Outlook. The estimates are based on model registrations compiled by Experian, and engine installation rates collected from other sources.



## YEAR CHANGE IN SEGMENT MARKET SHARES

**Change in Segment Market Share - YTD 2021 thru June vs. YTD 2020**



**Segments with largest increases:**

- Luxury Compact SUV
- Mid Size SUV
- Mini Van

**Segments with largest declines:**

- Near Luxury Car
- Compact Car
- Full Size Pickup

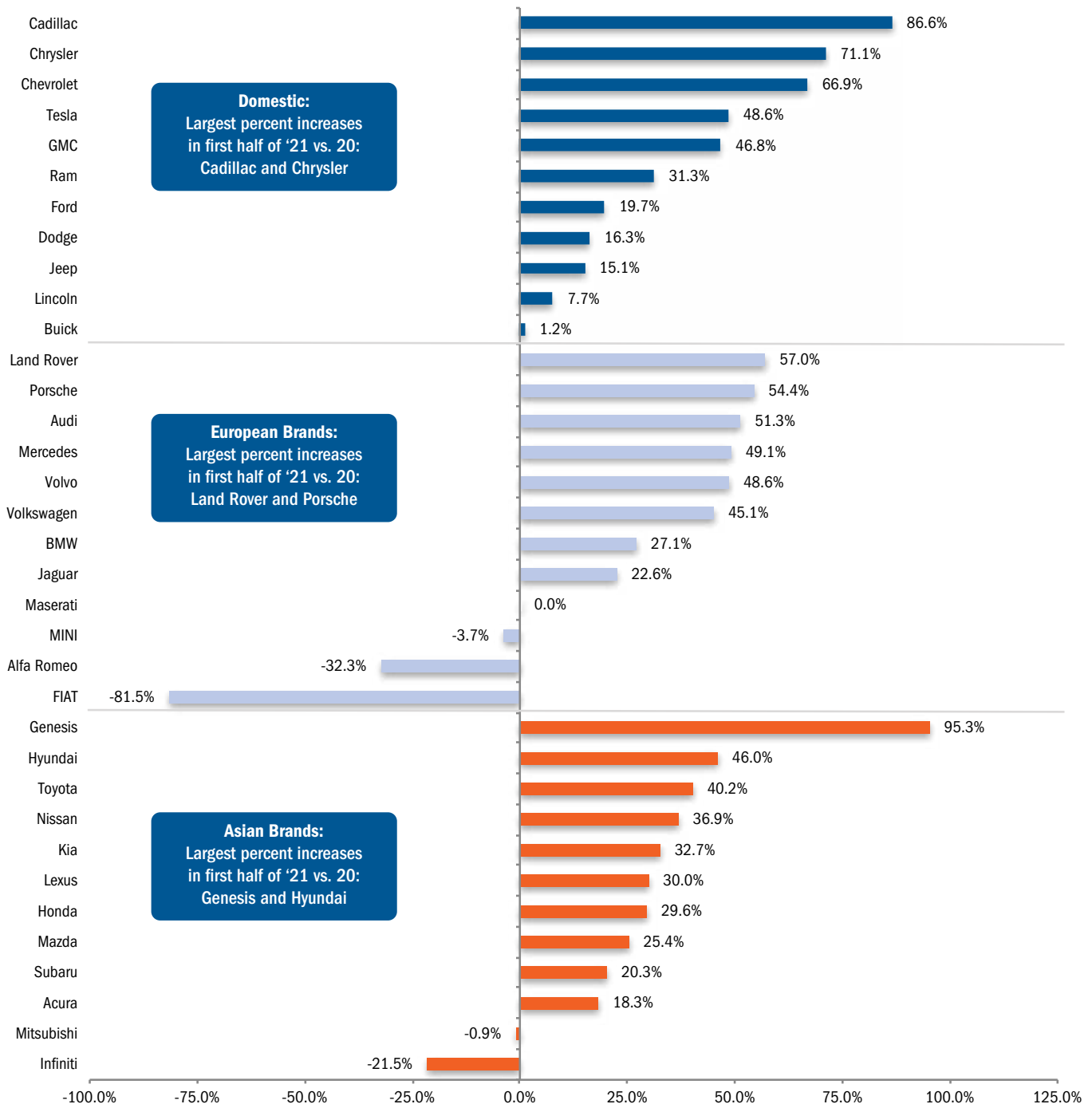
Data Source: AutoCount data from Experian.



# Most Brands Had Big Percentage Increases During 1st Half of '21

Industry registrations in the San Diego County new vehicle market were up sharply during the first six months of 2021, but there was still some variation in how some brands fared. 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, and Asian).

**Percent Change in County New Retail Light Vehicle Registrations  
YTD 2021 thru June vs. YTD 2020**



Data Source: AutoCount data from Experian.

Continued on page 26

**BRAND PERFORMANCE IN COUNTY MARKET**

**Toyota, Tesla, and Honda Strong Performers in County Market**

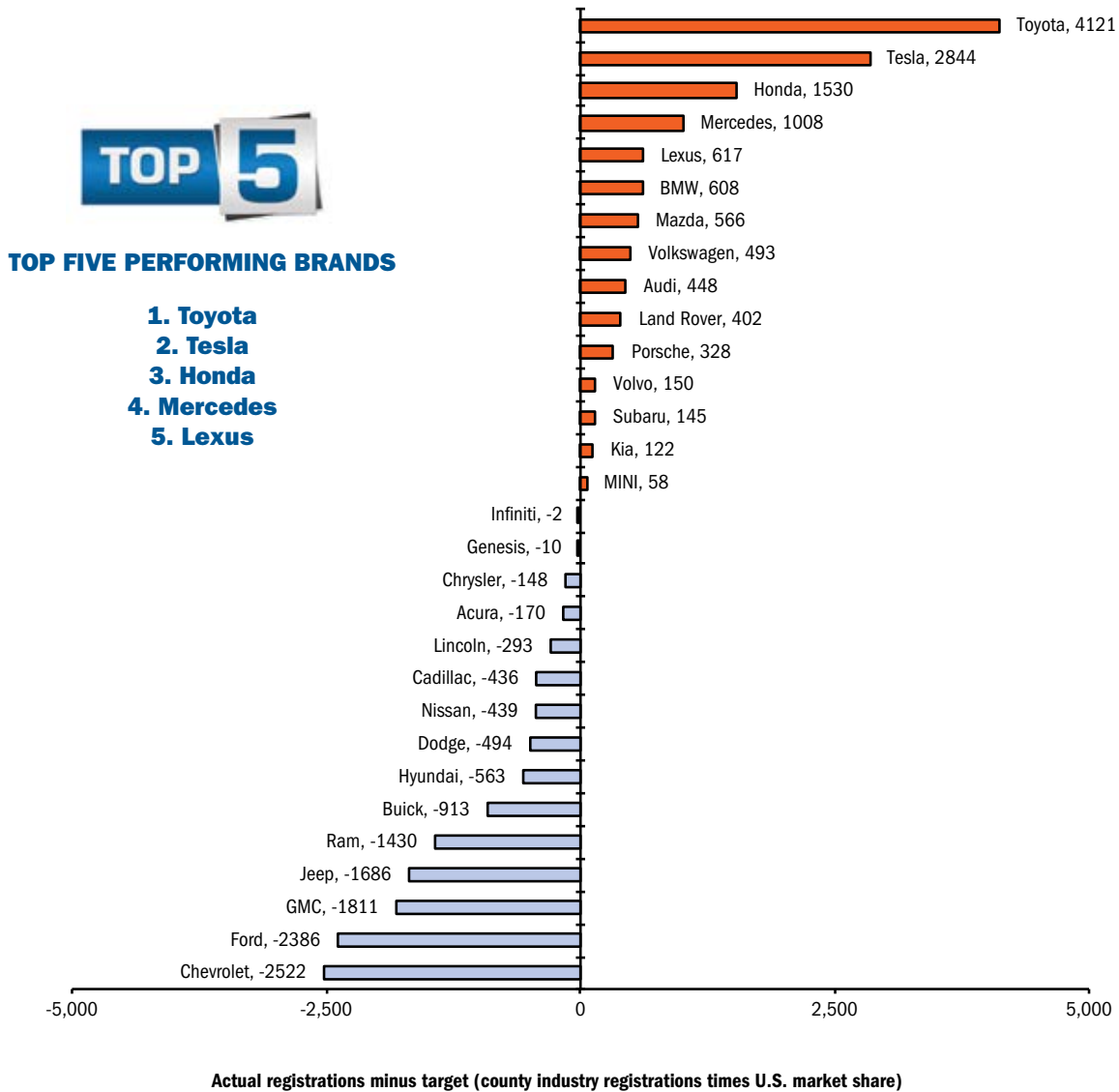
The graph below provides an indicator of brands that are popular in San Diego County (relative to the National standard), and those that are not. Here's how it works: For the top 30 selling brands, each brand's share of the U.S. market is multiplied by retail registrations in the county during the first six months of

2021. This yields a "target" for the county market. Target registrations are subtracted from actual registrations to derive the measurement of sales performance.

Brands at the top of the graph (i.e., Toyota, Tesla, Honda, and Mercedes) are relatively strong

sellers in the county, with actual registrations exceeding calculated targets by large margins. For instance, Toyota registrations exceeded the target by 4,121 units.

**San Diego County Retail Market Performance based on registrations for YTD 2021 thru June  
Actual registrations minus target (county industry registrations times U.S. market share)**



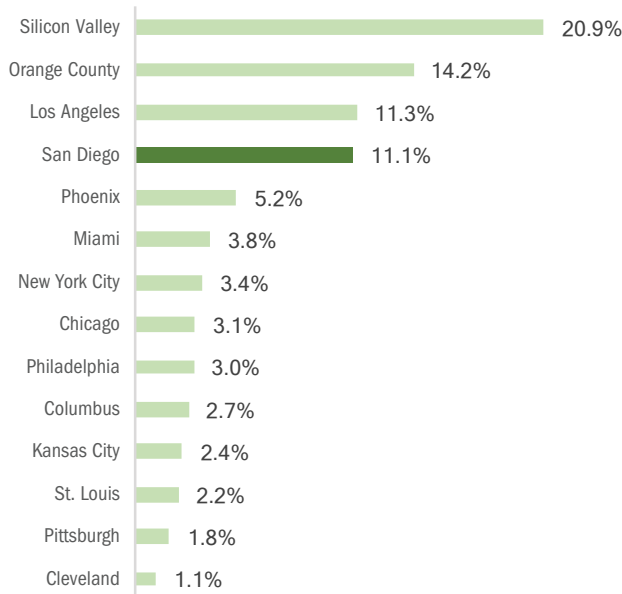
Data Source: AutoCount data from Experian.



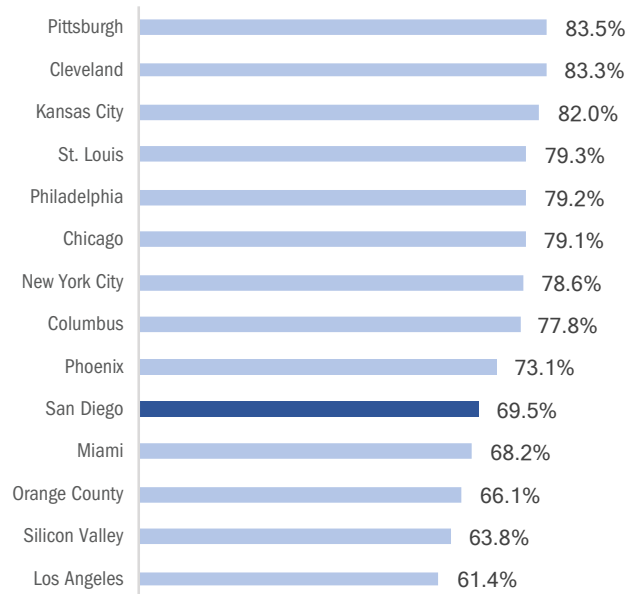
# Comparison of Selected Metro Area Markets

The graphs below compare three primary indicators for selected metro area markets: combined market share for electric and plug in hybrid models, light truck market share, and market shares for the top five selling brands in the county. San Diego County was ranked fourth out of the 14 markets for electric/plug in hybrid market share, and tenth for light truck share.

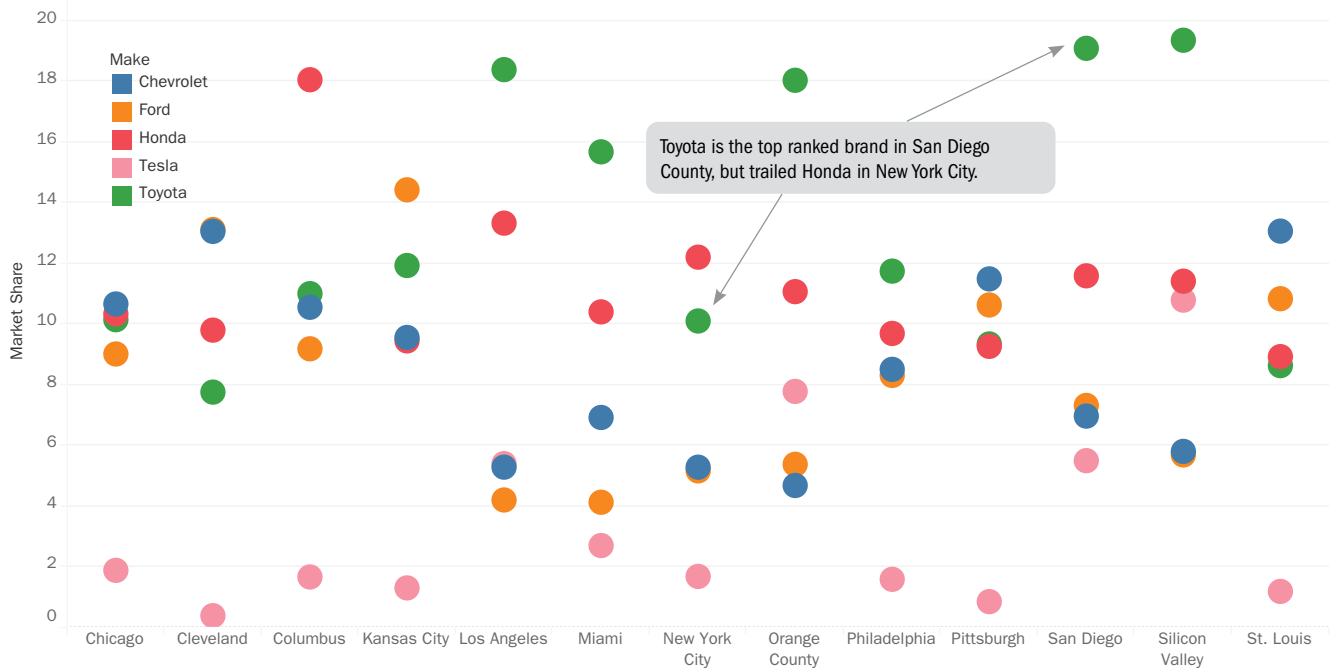
**Combined Electric and Plug In Hybrid Vehicle Market Share YTD 2021 thru June**



**Light Truck Market Share YTD 2021 thru June**



**Brand Market Share for Top Five Selling Brands in San Diego County - YTD 2021 thru June**



The graph above shows market share for the top five selling brands in San Diego County. Each colored circle corresponds to market share for a specific brand, as depicted in the legend at the top of the graph. Some circles overlap for brand market shares that are almost identical. Data Source: AutoCount data from Experian. Note: figures for some areas are thru May of 2021.

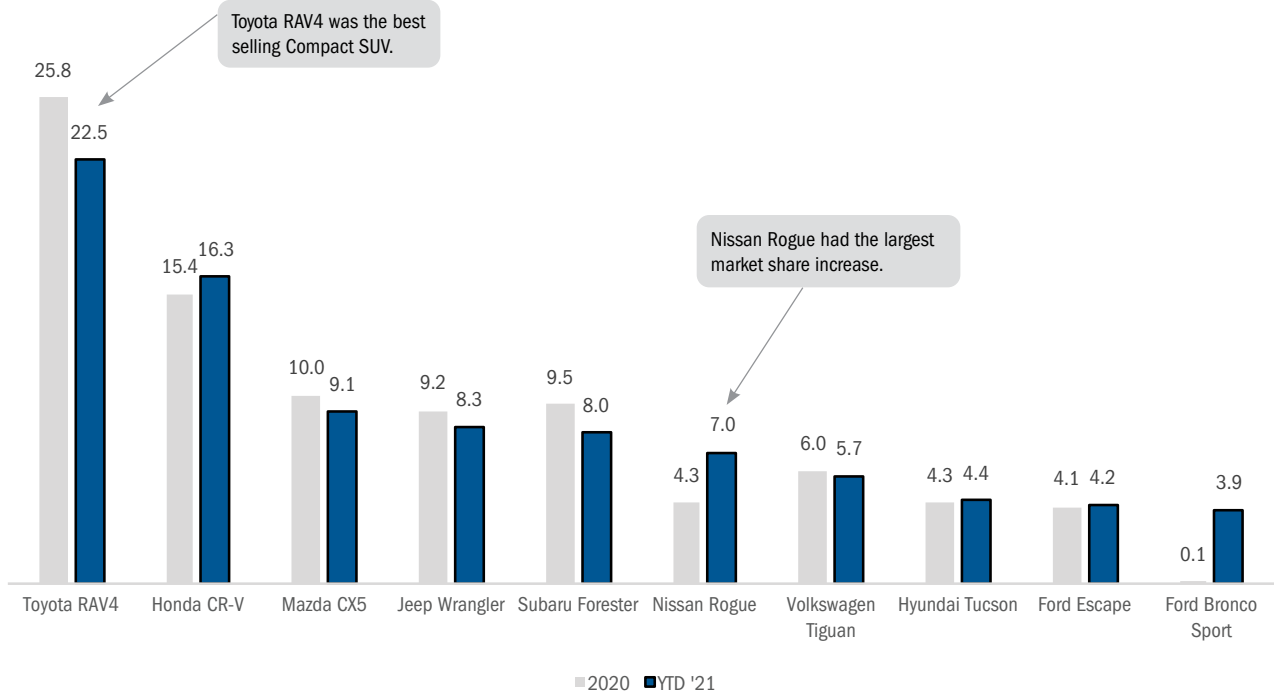
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**MODEL SCOREBOARD**

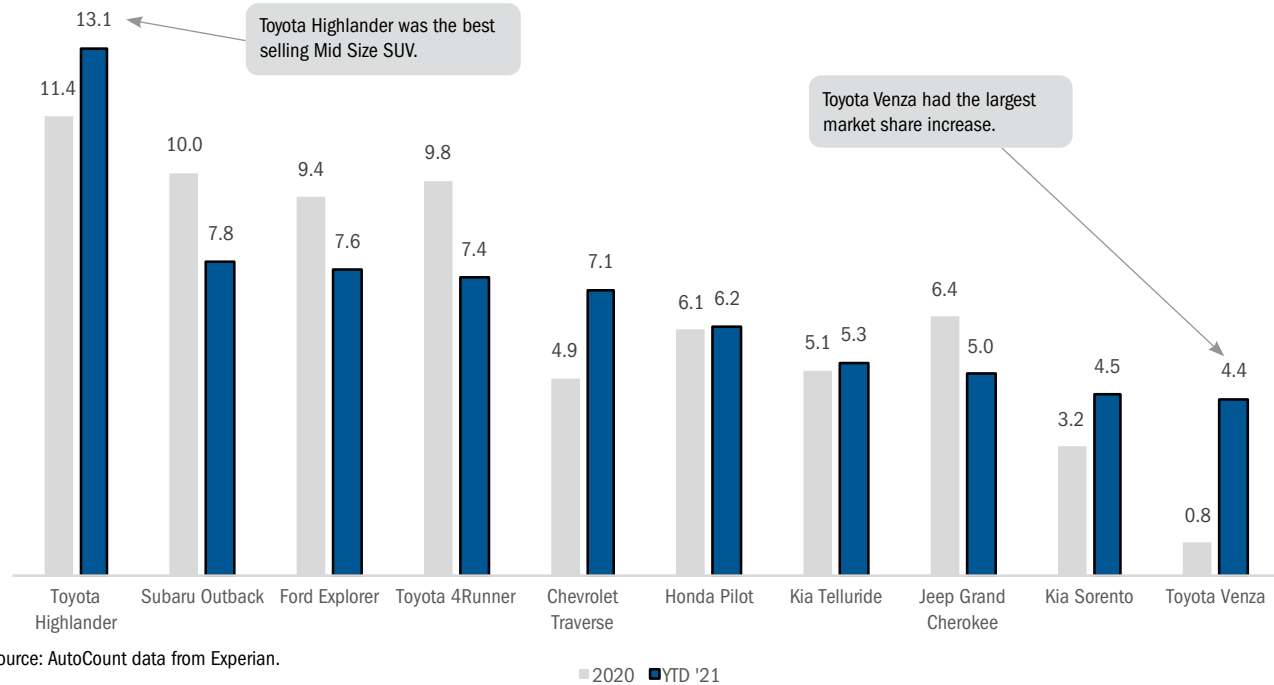
# Highlander is On Top of Mid Size SUV Segment; Rogue Share Is Up

The two graphs below show market shares in the county Compact and Mid Size SUV segments for all of 2020 and the first six months of 2021. Includes the top ten selling models in each segment.

**Change in Market Share for Top 10 Selling Compact SUVs - 2020 Annual and YTD 2021 thru June**



**Change in Market Share for Top 10 Selling Mid Size SUVs - 2020 Annual and YTD 2021 thru June**

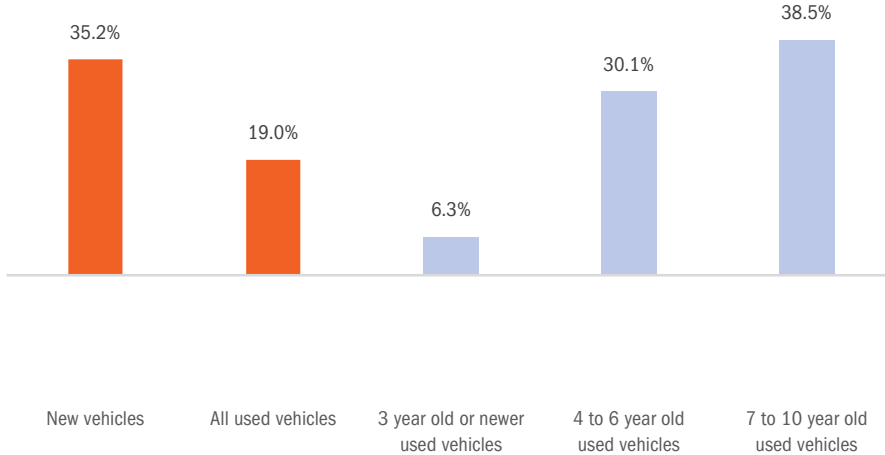


Data Source: AutoCount data from Experian.



# County Used Vehicle Market Increased 19% in First Half of '21

**Percent Change in New and Used Vehicle Registrations  
YTD 2021 thru June vs. YTD 2020**



Data Source: AutoCount data from Experian.

## 2 KEY TRENDS IN USED VEHICLE MARKET



01.

Used vehicle registrations in San Diego County were up 19% during the first six months of this year versus a year earlier, below the 35.2% increase in the new vehicle market.

02.

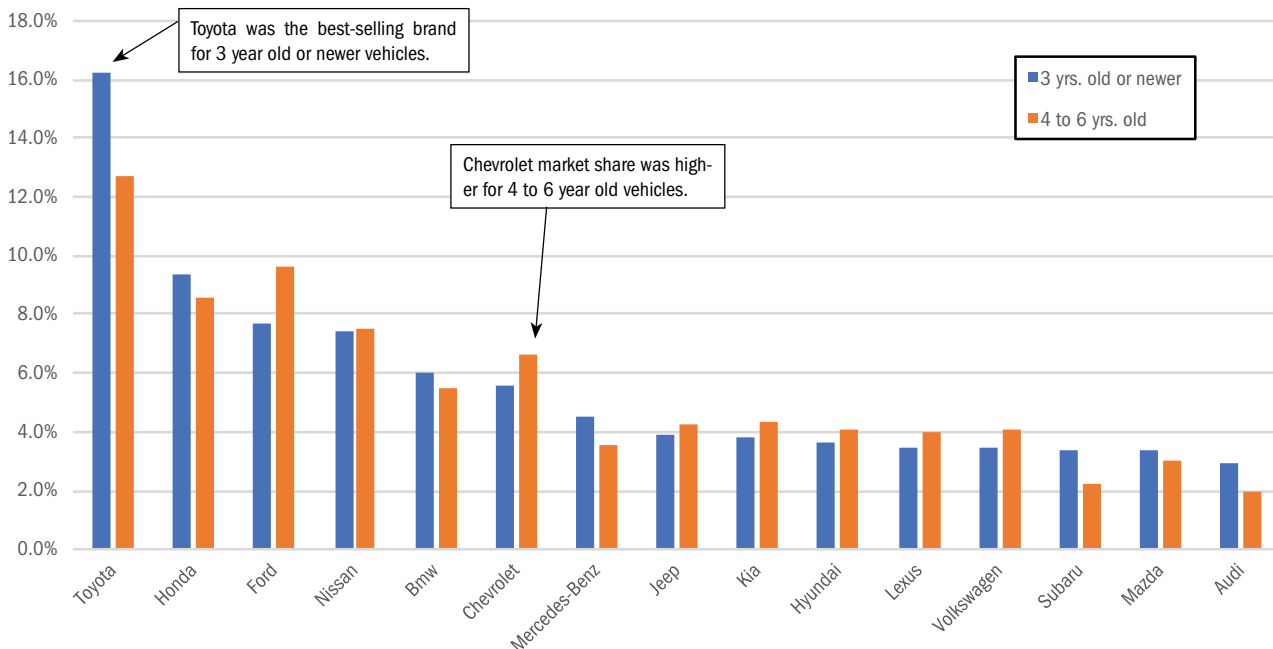
Shrinking new vehicle inventories due to the semiconductor shortage will provide a boost to used vehicle sales, but there is a ceiling on how high sales can go. Prices are reaching record highs and used vehicle supplies are capped based on the number of vehicles in operation. Consumers do have an incentive to sell their vehicles due to high resale values, but correspondingly high replacement costs place a limit on the volume of trade-ins.

## USED VEHICLE BRAND MARKET SHARE

# Toyota Stays On Top of County Used Vehicle Market

The graph below shows used light vehicle registrations by brand for two age categories: vehicles newer than three years old, and vehicles four to six years old. Brands are positioned from left to right based on market share for three year old or newer vehicles.

**Brand Market Share for Top 15 Selling Brands, by Vehicle Age (YTD '21 thru June)**



Data Source: AutoCount data from Experian.

Continued on page 30

Brand Registrations Report												
San Diego County New Retail Car and Light Truck Registrations												
	Second Quarter						Year to date thru June					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2Q '20	2Q '21	% change	2Q '20	2Q '21	Change	YTD '20	YTD '21	% change	YTD '20	YTD '21	Change
TOTAL	22,307	40,753	82.7				55,677	75,263	35.2			
Cars	7,091	12,918	82.2	31.8	31.7	-0.1	19,509	22,951	17.6	35.0	30.5	-4.5
Light Trucks	15,216	27,835	82.9	68.2	68.3	0.1	36,168	52,312	44.6	65.0	69.5	4.5
Domestic Brands	6,608	10,800	63.4	29.6	26.5	-3.1	15,499	21,156	36.5	27.8	28.1	0.3
European Brands	3,281	6,216	89.5	14.7	15.3	0.6	8,282	11,636	40.5	14.9	15.5	0.6
Japanese Brands	10,511	19,624	86.7	47.1	48.2	1.1	26,950	35,563	32.0	48.4	47.3	-1.1
Korean Brands	1,907	4,113	115.7	8.5	10.1	1.6	4,946	6,908	39.7	8.9	9.2	0.3
Acura	199	414	108.0	0.9	1.0	0.1	586	693	18.3	1.1	0.9	-0.2
Alfa Romeo	48	35	-27.1	0.2	0.1	-0.1	124	84	-32.3	0.2	0.1	-0.1
Audi	359	819	128.1	1.6	2.0	0.4	1,024	1,549	51.3	1.8	2.1	0.3
BMW	652	1,197	83.6	2.9	2.9	0.0	1,748	2,222	27.1	3.1	3.0	-0.1
Buick	61	96	57.4	0.3	0.2	-0.1	163	165	1.2	0.3	0.2	-0.1
Cadillac	74	163	120.3	0.3	0.4	0.1	179	334	86.6	0.3	0.4	0.1
Chevrolet	1,401	2,723	94.4	6.3	6.7	0.4	3,139	5,239	66.9	5.6	7.0	1.4
Chrysler	50	141	182.0	0.2	0.3	0.1	149	255	71.1	0.3	0.3	0.0
Dodge	217	310	42.9	1.0	0.8	-0.2	515	599	16.3	0.9	0.8	-0.1
FIAT	9	3	-66.7	0.0	0.0	0.0	27	5	-81.5	0.0	0.0	0.0
Ford	2,172	2,922	34.5	9.7	7.2	-2.5	4,596	5,503	19.7	8.3	7.3	-1.0
Genesis	26	89	242.3	0.1	0.2	0.1	85	166	95.3	0.2	0.2	0.0
GMC	291	447	53.6	1.3	1.1	-0.2	609	894	46.8	1.1	1.2	0.1
Honda	2,642	5,054	91.3	11.8	12.4	0.6	6,726	8,714	29.6	12.1	11.6	-0.5
Hyundai	853	1,961	129.9	3.8	4.8	1.0	2,206	3,220	46.0	4.0	4.3	0.3
Infiniti	142	147	3.5	0.6	0.4	-0.2	381	299	-21.5	0.7	0.4	-0.3
Jaguar	33	90	172.7	0.1	0.2	0.1	124	152	22.6	0.2	0.2	0.0
Jeep	1,040	1,312	26.2	4.7	3.2	-1.5	2,077	2,391	15.1	3.7	3.2	-0.5
Kia	1,028	2,063	100.7	4.6	5.1	0.5	2,655	3,522	32.7	4.8	4.7	-0.1
Land Rover	190	388	104.2	0.9	1.0	0.1	549	862	57.0	1.0	1.1	0.1
Lexus	610	1,133	85.7	2.7	2.8	0.1	1,669	2,169	30.0	3.0	2.9	-0.1
Lincoln	79	109	38.0	0.4	0.3	-0.1	220	237	7.7	0.4	0.3	-0.1
Maserati	21	41	95.2	0.1	0.1	0.0	59	59	0.0	0.1	0.1	0.0
Mazda	681	1,324	94.4	3.1	3.2	0.1	1,732	2,172	25.4	3.1	2.9	-0.2
Mercedes	783	1,318	68.3	3.5	3.2	-0.3	1,788	2,666	49.1	3.2	3.5	0.3
MINI	102	134	31.4	0.5	0.3	-0.2	214	206	-3.7	0.4	0.3	-0.1
Mitsubishi	32	71	121.9	0.1	0.2	0.1	111	110	-0.9	0.2	0.1	-0.1
Nissan	1,033	2,011	94.7	4.6	4.9	0.3	2,586	3,540	36.9	4.6	4.7	0.1
Other	45	55	22.2	0.2	0.1	-0.1	113	128	13.3	0.2	0.2	0.0
Porsche	212	338	59.4	1.0	0.8	-0.2	439	678	54.4	0.8	0.9	0.1
Ram	517	712	37.7	2.3	1.7	-0.6	1,069	1,404	31.3	1.9	1.9	0.0
Subaru	1,216	1,866	53.5	5.5	4.6	-0.9	2,924	3,517	20.3	5.3	4.7	-0.6
Tesla	706	1,865	164.2	3.2	4.6	1.4	2,783	4,135	48.6	5.0	5.5	0.5
Toyota	3,956	7,604	92.2	17.7	18.7	1.0	10,235	14,349	40.2	18.4	19.1	0.7
Volkswagen	625	1,373	119.7	2.8	3.4	0.6	1,573	2,282	45.1	2.8	3.0	0.2
Volvo	202	425	110.4	0.9	1.0	0.1	500	743	48.6	0.9	1.0	0.1

Source: AutoCount data from Experian.


The table above shows new retail light vehicle (car and light truck) registrations in San Diego County. Figures are shown for the Second Quarters of 2020 and 2021, and year to date totals. The top ten ranked brands in each category are shaded yellow.

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