

Incoming Chairwoman's Message

Presented by Judith Schumacher-Tilton

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Thank you, Rob Sickel, for your incredible leadership during these difficult times. I am hoping for a somewhat less challenging year as Chairwoman, but something tells me that may just be wishful thinking.

I'm not a big sports fan, but as I reflect on what's happened this year and what lies ahead, I'm reminded of a great Wayne Gretzky quote. He was once asked what makes him so great? His response- "because I'm always focused on where the puck is going, not where it is."

Like I said, I'm not a hockey fan, but I love the idea that greatness requires vision and imagination. We dealers need to anticipate and meet challenges where they are going to be, next, not where they are right at this moment. If we've learned anything, it's that our business is constantly changing and the secret to our success as retailers is our ability to adapt, change and to meet new challenges as they arise.

This has never been more necessary than it is today because a growing list of Wall Street and Silicon Valley disrupters are trying to spin the narrative that dealers are a thing of the past. We have heard this before. We will hear it again. And all we can do is embrace change and prove them wrong.

Let's talk about some of these growing challenges and how we're going to anticipate, adapt and rise to meet them.

New, and yet unproven forms of personal mobility are here or coming to market soon. Electric vehicles. Autonomous fleets. Subscription services. Factory direct sales. How do we, as dealers, fit into this new and evolving landscape? The same way we always have by proving our value to the automakers we represent, and the customers we serve.

We must get out in front and lead the way in delivering new and innovative personal mobility solutions to our customers and we must demonstrate to the automakers and to consumers that dealers are relevant, and we add tremendous value.

Dealers must lead the way in electric vehicle distribution, sales and service. We cannot allow automakers to take the "Tesla route" and seek to carve out EVs or AVs from our franchise agreements. We cannot allow automakers to develop new ownership models, like subscription, that bypass dealers.

But it's not enough for us to just say "no". As automakers begin to take steps that severely limit or chip away at the central role dealerships have played in the past, dealers and dealer associations must

articulate a new and robust value proposition. We must remind automakers, consumers, public opinion leaders, and government decision makers the franchise system is still relevant.

I am struck by the disconnect between the narrative pushed by Silicon Valley and Wall Street disruptors and the reality on the ground in our dealerships.

Popular wisdom suggests millennials don't want to buy cars and that they are content to forever rely on rideshare or car share services. But the numbers don't support this and never have. It's all just speculation driven by Wall Street and Silicon Valley disruptors who are banking on our demise. And, let's face it, in a post-COVID world, this narrative just doesn't ring true.

Another false narrative pushed by the disruptors is that direct factory-to-consumer sales are a more efficient means of distributing motor vehicles. The disruptors emphasize "efficiency" but fail to show how eliminating the so-called middle-man eliminates the middle cost of retailing. And, of course, they fail to acknowledge the important consumer benefits associated with greater competition and accountability fostered by the franchise system.

Now, we cannot sit idly by and allow these false narratives to take hold. We cannot hide our light under a basket or fail to articulate the true value of the franchise system and the benefits that neighborhood new car dealerships offer consumers and the communities they serve. The direct sales model might work great for Silicon Valley and Wall Street, but it does not work great for consumers or Main Street. And we need to drive home that message.

And, I don't know about you, but I am really, really tired of the portrayal of dealerships, pushed by companies like Vroom and CARVANA, suggesting that the dealership sales process is a circus or some kind of hustle and that dealers aren't at all interested in digital or remote sales.

While true digital and remote sales are still just a small part of what we do, our capabilities and our commitment to meet the customer in the real world or in the virtual world is there. Our automakers and allied business partners are working with us to adapt the showroom sales model to an on-line sales model and dealers have embraced the change.....way ahead of consumer demand.

Each of us has been forced during the COVID crisis to find new and innovative ways to engage with our customers in a remote and digital sales environment. Dealerships have embraced this new normal and innovative business partners have begun to make real inroads that will help dealers better serve consumers and manage our businesses for years to come.

One example of a new and innovative NJ CAR business partner is ACV Auctions. NJ CAR partnered with ACV 5 years ago, when it was just a little start-up offering online auction services, trying to simplify and reduce costs of wholesaling trades.

The company has grown exponentially, and new investment has enabled ACV to develop powerful digital tools to help dealers wholesale vehicles and reduce the expense normally associated with the physical auction. Many NJ CAR members have already begun using the ACV product to manage their wholesale auto needs.

Let me turn, now, to another NJ CAR business partner, AutoTrieve, which has developed a powerful set of digital tools to help dealers manage, store, and retrieve documents within the dealer

environment. I do not have to tell you just how difficult the document management task is in most dealerships. The avalanche of paperwork from retail order forms and credit applications to repair orders is staggering, and the compliance obligations that we face from government and our franchisors make the proper management of these documents mission critical.

AutoTrieve is an NJ CAR business partner that has automated and simplified the document retention, storage and retrieval process with the new car dealer's unique compliance needs mind.

Before I hand things over to the next presenter, I want to emphasize my goal to continue improving on NJ CAR's communication capabilities and outreach to members, government decision-makers and the public at large.

We will continue to build our Grassroots network that will stand ready to step up and generate hundreds or thousands of communications to our elected officials that support proposed legislation that benefits consumers and our industry or oppose bills that would harm our businesses. We already have nearly 2,500 individuals who have signed up to be part of our network, but there are still 36,000+ more industry employees, as well as friends and family who support us, who have not signed up for our grassroots network. We will continue working to add them to our network.

We will continue building upon the NJ CAR website, which last year underwent a massive redesign. And we will continue ramping up our use of social media to engage with our various audiences. Whether its recognizing the charitable efforts of a specific dealership, good economic news regarding the industry, sharing an article that supports a position we hold on a legislative or regulatory issue or something else entirely, we will keep growing our social media presence.

Let me just conclude by making two final points. First, I am pleased and truly honored to be elected as NJ CAR's first Chair **woman**. I suppose some may say "it's about time." But I will say it's right on time. Society is changing and diversity and inclusion are no longer just nice, they are business imperatives. And, just in case you haven't noticed, our industry is changing. More women and more emphasis on the retail part of the business, as opposed to automotive part of the business. And that has created real opportunities and a place at the table for women.

Second, a word about NJ CAR. I love the car business. I love the rough and tumble competition and the pressure to compete. And I love the way dealers who will fight one another for a sale can come together at NJ CAR and work together for the common good of the industry. We are fierce competitors at the local level, but come together at the state and national level to advance our common interests. Dealers know, instinctively, that we are all better by association and better when we come together at NJ CAR to advance our collective interests. You have my commitment that, this coming year, as your 2020-2021 NJ CAR Chair **woman**, I will do my level best to serve the dealers and to make certain that NJ CAR advances your interests in Trenton. Thank you for the opportunity and for the honor you have given me.

So, that's my vision for the year ahead. I am looking forward to my upcoming tenure as NJ CAR Chairwoman. And I am committed to the proposition that NJ CAR and the dealer body must anticipate and meet the challenges where they are headed and not be content to meet the challenges where they are right now. Please do not hesitate to contact me to voice your opinion on anything the Coalition is currently working on or you feel NJ CAR should be addressing in the future.