

Official Publication of the California New Car Dealers Association

# CALIFORNIA

## NEW CAR DEALER QUARTERLY



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How California's New Car Dealers Can Utilize the Tools at [ElectricForAll.org](https://ElectricForAll.org)



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# 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.

## Business Transactions

- Buy-Sell Agreements
- DMV, BAR and other governmental approvals
- Lender flooring and capital loan agreements
- Entity formation and structure
- Shareholder Agreements
- Manufacturer approvals and relations
- NMV non-profit association representation

## Estate Planning

- Succession planning for business continuation
- Family estate planning (wills and trusts)

## Tax

- Property tax planning, audits and appeals
- Federal estate and gift tax controversies with IRS
- EDD audits

## Business Litigation

- Consumer Legal Remedies Act lawsuits
- Sales and Service Agreements
- Disputes before the CA New Motor Vehicle Board
- Consumer claims regarding the sale/lease of autos
- Manufacturer audit disputes
- Hearings before the AQMD, RWQC and OSHA

## Real Estate

- Dealership site acquisitions and lease agreements
- Lender opinion letters
- Relocations

## Employment Practices

- Arbitration agreements
- Wage and hour class action lawsuits
- Private Attorneys General Act (PAGA) claims



# YOUR SUCCESS... IS OUR SUCCESS

- **Committed to our Dealer Clients for over 40 Years**
- **Helping to Optimize your Business Operations**
- **Providing the Highest Quality Tax and Accounting Services**
- **Consulting & Management Support**
- **Estate Planning & Dealer Succession Opportunities**

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# MANNING LEAVER

REPRESENTING DEALERS FOR OVER 95 YEARS

## MANNING LEAVER — THE RIGHT CHOICE FOR DEALERS SINCE 1923

Manning Leaver has been providing legal services to automobile dealers and the automobile dealer related industry for over 95 years and understands the many intricacies of a dealership's operations, including its sales department, F&I department, service department, parts department, and body shop. The firm's strong practical knowledge of dealership operations enhances its ability to provide quality legal advice to clients.

Among the firm's clients are a number of dealer associations, including the California New Car Dealers Association and the Greater Los Angeles New Car Dealers Association.

For more information on the firm, see the Manning, Leaver, Bruder & Berberich, LLP website at:

www.manningleaver.com  
or call us at 323-937-4730  
or visit us at  
801 S. Figueroa St., Suite 1150  
Los Angeles, CA 90017



## PRACTICE AREAS

### LITIGATION

- General trial
- Consumer class action defense
- New Motor Vehicle Board representation
- DMV accusations
- Bureau of Automotive Repair representation

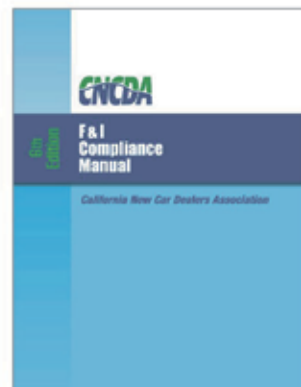
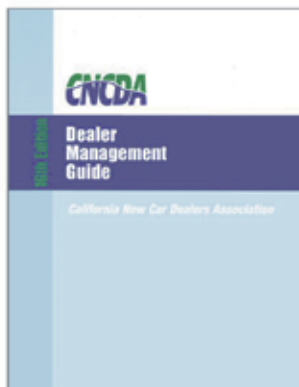
### TRANSACTIONAL

- Buy/sell agreements
- Real estate sales and leases
- Formation of entities
- Loans and construction process
- Franchise and business opportunities

### COMPLIANCE

- General regulatory compliance
- F&I training
- Advertising review
- DMV/BAR licensing
- Production of manuals<sup>1</sup>

<sup>1</sup>The firm has authored a number of compliance manuals, including: CNCDA Management Guide, CNCDA Franchise Law Manual 6th edition of CNCDA F&I Compliance Manual, NADA Dealer Guide on federal advertising requirements, and MLBB California Auto Dealer Advertising Law Manual.





# President's Message:

## It's Shaping Up to Be a Year to Remember

**BRIAN MAAS**  
President  
California New Car Dealers Association

**W**e are only several months into 2022, and already this year is one for the books. With an unprecedented effort to eliminate PAGA, a historic election year that will change the legislature for years to come, and a full slate of legislative battles, CNCDA is in overdrive to seize the opportunities in front of us.

Just ahead of the New Year, we launched a massive fundraising effort to support our ballot initiative to replace PAGA. CNCDA is leading the entire business community to bring this issue to the voters and finally be rid of the lawsuits it brings. In just three months, we raised over \$3 million, demonstrating the leadership of our dealers in taking on this fight. Other groups have stepped up to the plate, following your example.

This month, we held our annual Dealer Day event; we went back to Sacramento for the first time in two years. The voices of those in attendance were critical to our efforts in the Capitol. The legislature has kept our advocacy team busy with a long list of propositions that would have massive impacts on dealers. Chiefly among them, and a heavy topic at Dealer Day, AB 2311 would place restrictions on dealers' ability to offer GAP protection to their customers. The bill would place caps on how much waivers could cover, mandate even more disclosures, and could lead to it ultimately no longer being worth the effort to offer. Another bill, SB 1311,

would mandate car dealers provide an annual, cost-free right for military service members who purchase or lease a motor vehicle to cancel the purchase or lease within 30 days, essentially providing a free, brand-new rental car at the expense of the dealer. Worse still, those that violate this law face a misdemeanor and could even be sentenced to prison.

Fortunately, it's not all a fight in opposition. This year, we are fighting to finally modernize the Document Processing Charge (DPC) and get dealers the compensation they deserve. With the help of Senator Bob Archuleta, SB 1249 faces a difficult path to the Governor's desk, but the tireless work being done by our team has given it an extremely promising start.

As we approach November, PAGA is not the only thing we are watching closely on the ballot. With new district lines drawn, many lawmakers have decided not to seek reelection, and with others terming out, this election will bring the most open seats in recent memory. Many of these new lawmakers will remain fixtures in the Legislature for the next 12 years, providing an invaluable opportunity to create relationships now.

In another historical development, an unprecedented three dealers are currently running for legislative office. Matt Gunderson, Jasmeet Bains, and Roger Niello have all started their campaigns and would bring to the Capital the knowledge and experience of what it takes to

be California's new car dealers. The value these three would bring to the legislature, and the opportunity this represents, cannot be overstated.

Beyond our advocacy efforts, I would be remiss in not addressing what we have all been waiting for; we are extremely excited to welcome the return of in-person events! After a taste of normalcy during last year's Convention in Hawaii, we have been anxiously awaiting any chance to get back to seeing one another. Dealer Day was long overdue and everything we could have hoped for, setting the stage for even more excitement for this year's annual Convention. A huge thank you to everyone who joined us; it would not have been what it was without you.

Speaking of the Convention, it's hard to compete with Maui, and last year's event set the bar to new heights. This year, we will raise it even further. With the stunning backdrop of the Ritz Carlton Laguna Niguel and hopefully pandemic era restrictions long behind us, we look forward to exceeding your expectations this October.

As always, your CNCDA team is here to provide the resources you need to keep your dealership running smoothly. As we leave many pandemic-era restrictions behind, CNCDA will continue to provide the same insights and guidance we have over these tumultuous last two years. Thank you for your continued support for our association; our dealers make it all possible. ◀



**Arent Fox**

# Smart In

# Automotive

## **We have the road map.**

Arent Fox's Automotive Group drives innovative strategies forward. Our cutting-edge, national practice advises automotive leaders as the industry faces a dizzying array of competitive and regulatory hurdles.

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2022



# CNCDA UPCOMING EVENTS

## Upcoming Webinars:



**APRIL 19**  
Motor Vehicle Dealers  
Tax Webinar  
10am - 11:30am



**JUNE**  
Advertising Law  
Date & Time TBD



**APRIL 21**  
F&I Series, Part IV  
10am - 11:30am



**JULY 14**  
Employment Law Series  
Part I  
2pm - 3:30pm



**SEPTEMBER 8**  
Employment Law Series  
Part III  
2pm - 3:30pm



**MAY 19**  
Franchise Law Webinar  
10am - 11:30am



**AUGUST 19**  
Employment Law Series  
Part II  
2pm - 3:30pm

**REGISTRATION FOR 2022 WEBINARS: \$49**

**REGISTER NOW AT**

[www.cncda.org/events](http://www.cncda.org/events)

## Upcoming In-Person Events:



**JUNE 22**  
NorCal Member  
Appreciation Dinner  
The Ritz-Carlton  
Half Moon Bay, CA

**STAY UP-TO-DATE**  
ON EVENTS BY VISITING

[www.cncda.org/events](http://www.cncda.org/events)



**OCTOBER 2 - 5**  
CNCDA Annual Convention  
The Ritz-Carlton  
Laguna Niguel, CA





# RECONSIDER

EASE OF USE.

CONSIDER VUE DMS.

“ Since the install, processes have been a lot more seamless. From technicians to service advisors to including even the parts department. It made everyone’s job so much easier.”

**Tommy Struchen**  
Service Manager,  
Mack Grubbs Hyundai



Tommy Struchen and his team service about 450 vehicles a month. To move all these cars through the dealership efficiently, he needed to streamline communications between dealership employees as well as with customers.

With VUE, the Service team can communicate immediately with other employees within the DMS. Technicians can take notes and send them to their advisors, so there is no miscommunication about the repair orders. When advisors inspect vehicles, technicians can see what tickets are assigned to them and appropriately plan for it in real time.



**CONSIDER VUE DMS**  
866.928.3210 | [VUEDMS.COM/CALIFORNIA](https://vuedms.com/california)



# 2022 Officers and Directors

## 2022 Executive Committee



**John Oh**  
Chairman  
Lexus of Westminster



**Tony Toohey**  
Vice Chairman  
Auburn Toyota



**Hilary Haron**  
Secretary-Treasurer  
Haron Jaguar Land Rover



**Mark Normandin**  
Immediate Past Chairman  
Normandin Chrysler Jeep Dodge  
RAM Fiat



**Rick Niello, Jr.**  
Region I Vice President  
The Niello Company



**Jessie Dosanjh**  
Region II Vice-President  
Dublin Buick GMC



**Ted Nicholas**  
Region III Vice-President  
Bakersfield



**Gary Fenelli**  
Region IV Vice-President  
National City



**K.C. Heidler**  
Region V Vice-President  
Santa Ana

## 2022 Directors



**Randy Denham**  
S.J. Denham  
Chrysler Jeep Fiat



**Taz Harvey**  
Dublin Mazda



**Steve Kwak**  
AutoNation -  
Toyota of Cerritos



**Rick Niello**  
The Niello Company



**Tony Toohey**  
Auburn Toyota



**Jessie Dosanjh**  
Stevens Creek  
Chevrolet



**Ryan Fitzpatrick**  
Coliseum Lexus of  
Oakland



**Dave Moeller**  
City Toyota



**Mark Normandin**  
Normandin Chrysler  
Jeep Dodge RAM



**Devinder Singh Bains**  
Turlock Chrysler Dodge  
Jeep Ram



**Cheryl Bedford**  
Sunset Auto Center



**Cliff Cummings**  
Toyota of San  
Bernardino



**Bill Hatfield**  
Hatfield Buick GMC



**Hilary Haron**  
Haron Jaguar Land  
Rover Volvo



**Ted Nicholas**  
Three Way Chevrolet



**Gary Fenelli**  
Frank Toyota



**Bruce Hamlin**  
Guaranty Chevrolet  
Motors Inc.



**Greg Kaminsky**  
Toyota/Honda of  
El Cajon



**John Oh**  
Lexus of Westminster



**David Simpson**  
Simpson Chevrolet  
of Irvine



**Anne Boland**  
Bob Smith BMW



**Ron Charron**  
Boulevard Cadillac  
Buick GMC



**K.C. Heidler**  
Tom's Truck Center



**Robb Hernandez**  
Camino Real  
Chevrolet



**Darryl Holter**  
Felix Chevrolet



# Dealer Day Legislative Recap

By Alisa Reinhardt, Director of Government Affairs

This month, CNCDA hosted its annual Dealer Day event – back in person – in Sacramento for the first time in over two years. I would like to give a huge “thank you” to everyone that attended and participated in the day’s events – it truly makes a difference and has set the stage for our efforts this year. We’d also like to thank our sponsors, vendors, and partners who helped make this event possible. For those who were able to attend, this year’s event more than made up for lost time.

As we continue through the second year of a two-year legislative cycle, lawmakers are running on all cylinders to ensure their legislative priorities are successful. After two years of conversation largely centered around COVID-19, this year promises to be a whirlwind of policy conversations centering primarily around employment laws, homelessness, and crime – just to name a few. CNCDA has taken the opportunity this year to push for one of our long-sought objectives, modernizing the Document Processing Charge (DPC).

To that end, CNCDA has proposed a sponsored bill, SB 1249 by Senator Bob Archuleta (D-Pico Rivera), to modernize the DPC to finally secure the compensation dealers deserve for the work they do on behalf of customers every single day. California’s new car dealers provide a wide range of document processing services that benefit customers, saving significant time, money, and hassle while ensuring consumers benefit from the strongest consumer protections anywhere in the nation.

Providing these services for consumers requires substantial staff time, training, and technology at each dealership. However, current law only allows California dealers to recover a statutory maximum of \$85 of these substantial costs through the DPC, which is well below their actual costs in performing the required services.

California’s DPC is the lowest in the nation – roughly ¼ of the national average – despite the fact that California’s car dealerships are subject to the most stringent document processing and compliance requirements in the country.

SB 1249 would modernize California’s DPC to more accurately reflect the costs of these important services by gradually increasing the DPC over five years – beginning in 2024 and then adjusting for inflation every year starting in 2030. It would also establish a new fee upon dealers to be deposited in the state Motor Vehicle Account to fund important DMV and CHP operations. This ensures that new car dealers and their employees can continue offering valuable services and protections for consumers.

But, as we fight to pass our own legislation, we also face a number of bills targeting dealers directly.

## **AB 2311: SEVERE LIMITATIONS ON GAP PROTECTION**

As a stand-alone protection, traditional auto insurance does not make a consumer whole financially if their car is wrecked or stolen and they owe more on the auto loan than the vehicle is worth. Insurance companies will pay the consumer for the value of the vehicle, not including any amount they may be upside down on their

vehicle loans. That is why, for many consumers, GAP protection provides a relatively low-cost method to secure peace of mind and protect against the possibility of having to make payments on a vehicle they no longer own for months or years. Especially with both new and used vehicle prices reaching record highs in the past few years and the reality that many Americans cannot afford to put multiple thousands of dollars down on a vehicle purchase, GAP protection can provide a valuable safeguard.

Despite this, Attorney General Bonta is sponsoring AB 2311 by Assembly Member Brian Mainschein (D-San Diego), which would place significant limits on GAP protection dealers can offer their customers. AB 2311 would strictly limit the amount charged for GAP to 2% of the amount financed under a conditional sales contract and prevent dealers from offering a customer the option to purchase GAP if the conditional sales contract's loan to value ratio or amount financed at the contracting date exceeds certain complicated formulas. The bill would also void the GAP protection and provide the customer a refund of GAP charges, plus the finance charges attributable to the GAP protection if a dealership employee makes an error. The buyer may also be able to recover three times the amount of any GAP charges as a penalty. And unsurprisingly, it would also require over-the-top disclosure warnings, even though dealers already provide customer notices and disclosures regarding GAP protection purchases.

These overly onerous restrictions on GAP protection would result in an unstable GAP market and cause many dealers to decide the risk of offering GAP to customers who may need it the most is just not worth it. Given that GAP customers primarily include those with lower incomes, smaller reserves for emergencies, and longer and larger loans (that could indicate smaller down payments and higher loan-to-value), such conditions entail higher risks and make GAP protection

a more attractive option to provide peace of mind.

California's new car dealers understand the true value of these products to customers. They work with consumers every day to recommend and provide purchases and protections that make sense for each individual. As the direct connection with customers and as the ones who hear the horror stories of consumers paying for vehicles long after a total loss occurs, dealers are in the best position to inform their local legislators about the value customers have seen and the important protections GAP protection provides.

### **SB 1311: MANDATES ANNUAL FREE 30-DAY+ RIGHT OF VEHICLE RETURN FOR CERTAIN MILITARY SERVICE MEMBERS**

Another bill specifically targeting dealers was introduced disguised as an innocuous veterans' protection.

California is home to almost 163,000 military service members, many of whom have or intend to purchase vehicles. All consumers, including service members, are covered by some of the most robust protections in the country when they purchase a vehicle from a new car dealer in California.

Despite this long list of existing consumer protections, SB 1311 – authored by Senator Susan Eggman (D-Stockton) and Senate Pro Tem Toni Atkins (D-San Diego) – would mandate car dealers to provide an annual, cost-free right for military service members in the grade of E-5 or below who purchase or lease a motor vehicle in the state to cancel the purchase or lease up to 30 days from the date on which the servicemember took possession of the vehicle, or the date on which the servicemember obtained title to the vehicle, whichever is later – essentially providing a free, brand-new rental car for 30 days at the expense of the selling or leasing

dealer. A service member who chooses to cancel a vehicle purchase or lease would be entitled to a return of any trade-in and a full refund of all amounts paid within 24 hours of returning the vehicle. This bill does not distinguish between new and used vehicles, and only provides that the vehicle must be returned to the dealer in "substantially the condition in which the service member received it."

California and federal law impose many requirements on dealers related to the sale of motor vehicles. These laws include the California Car Buyer's Bill of Rights, which was signed into law in 2006. Part of this comprehensive consumer protection package is the used car contract cancellation option agreement. Consumers who purchase a used car for less than \$40,000 must be offered a contract cancellation option agreement, with a minimum time frame of two days.

The vehicle purchase process is more transparent than ever before. Consumers have access to a virtually limitless amount of information related to their vehicle purchase, both online and via customer disclosures at the dealership at the point of sale. California consumers are protected by the most stringent laws in the country, and some dealers already provide a free, no-questions-asked right of return for used vehicles. Providing certain military service members a free, annual right of vehicle return over 30 or more days, when a used vehicle right to return can already be purchased at a price that has not increased for over 15 years (despite vehicle prices sharply rising over that same time frame), is unnecessary and unfairly interferes in dealer business practices.

There's a long road to the end of this legislative session on August 31st, and battles to be fought at every step along the way. Once again, we cannot thank our Dealer Day attendees enough. Your support was critical and will be a huge part of any success we see this year. ◀









# ECONOMIC IMPACT REPORT 2021

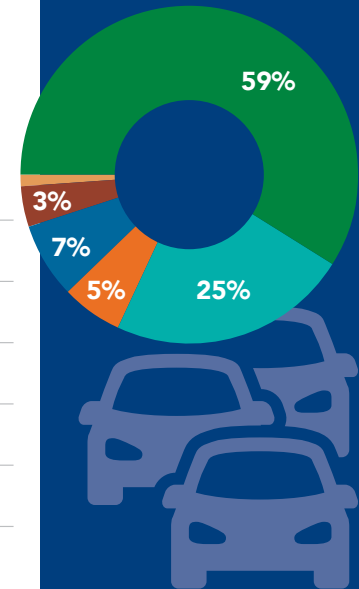


**THE CONTRIBUTIONS OF CALIFORNIA'S  
FRANCHISED NEW CAR DEALERS**



# 2021 DEALERSHIP SALES

	AVERAGE DEALERSHIP	INDUSTRY TOTAL
 New vehicle department	\$59.15 million	\$85.24 billion
 Used vehicle department	\$25.74 million	\$37.09 billion
 Service department	\$5.08 million	\$7.31 billion
 Parts and accessories department	\$6.91 million	\$9.96 billion
 Finance & insurance department	\$3.83 million	\$5.52 billion
 Other departments	\$0.78 million	\$1.12 billion
<b>Total dealership sales</b>	<b>\$101.49 million</b>	<b>\$146.24 billion</b>



## VEHICLE SALES (SUMMARY FOR AVERAGE DEALERSHIP)

	UNITS SOLD	\$ PER UNIT	TOTAL
New vehicles	1,300	\$45,500	\$59.15 million
Used vehicles*	1,100	\$23,400	\$25.74 million

\* Includes retail and wholesale transactions.

### TOTAL SPENT FOR PRODUCTS AND SERVICES FROM OTHER CALIFORNIA BUSINESSES

AVERAGE DEALERSHIP  
\$2.06 million

INDUSTRY TOTAL  
\$2.97 billion



## EMPLOYMENT & PAYROLL

	AVERAGE DEALERSHIP	INDUSTRY TOTAL
Full time employees	91	131,131
Part time employees	4.5	6,485
Total employees	95.5	137,616
Annual payroll	\$7.10 million	\$10.23 billion
Percentage of dealerships that provide access to health insurance for employees	97%	N/A
Workers' compensation premiums per employee	\$1,480	N/A
Workers' compensation premiums paid	\$134,680	\$194.07 million



Average sales tax generated on the sale of a new vehicle in Los Angeles:  
**\$4,542.90**

## TAXES

	AVERAGE DEALERSHIP	INDUSTRY TOTAL
State sales tax	\$5.8 million	\$8.36 billion
Federal payroll taxes	\$1.79 million	\$2.58 billion
State payroll taxes	\$410,000	\$590.81 million
Real estate taxes	\$157,000	\$226.24 million
Other state and local taxes	\$108,500	\$156.35 million
<b>Total taxes collected or paid</b>	<b>\$8.26 million</b>	<b>\$11.90 billion</b>

## ELECTRIC VEHICLES

2021 EV Market Share  
**9.5%**

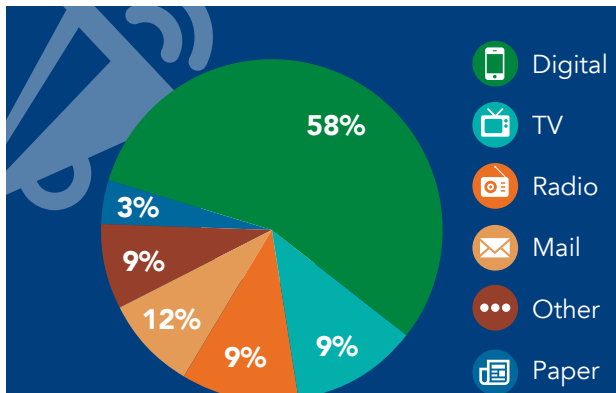
Number of EVs Sold in 2021  
**176,357**

	AVERAGE DEALERSHIP	INDUSTRY TOTAL
Amount spent on EV charging infrastructure during 2021	\$24,600	\$35.45 million
Estimated expenditures on EV charging infrastructure during 2022	\$89,700	\$129.26 million



## CHARITABLE GIVING

In 2021, California new car dealers made over **\$54.61 million** in donations to charitable and civic organizations, including:



## ADVERTISING

In 2021, California new car dealers collectively spent over **\$1.23 billion** on advertising.





# CALIFORNIA'S NEW CAR DEALERS ARE DRIVING THE CALIFORNIA ECONOMY

## ANNUAL CONTRIBUTIONS OF CALIFORNIA NEW CAR DEALERS

Total sales	\$146.24 billion
Average sales per dealership	\$101.49 million
Estimate percent of total statewide sales tax collected	16%
Number of new car dealerships	1,441

## DEALERS PROVIDE JOBS IN CALIFORNIA

Total payroll for all new car dealerships	\$10.23 billion
Total number of new car dealership employees	137,616

## DEALERS PLAY AN IMPORTANT ROLE IN THE STATE AS LOCAL BUSINESS AND CIVIC LEADERS

Total taxes collected or paid	\$11.90 billion
Total spent for products and services from other California businesses	\$2.97 billion
Donations to charitable and civic organizations	\$54.61 million

## 2021 VEHICLE SALES

New vehicles sold*	1,856,391
Used retail vehicles sold**	1,023,110
Total new and used vehicles sold	2,879,501

\* New vehicles sold based on California registrations.

\*\* Includes retail transactions only

This report provides an in-depth analysis of the economic impact of California new car and truck dealers on the State's economy. It includes estimates of employment, personal income, and tax collections generated by California new car dealers. Also included is a review of dealership financial statistics and operations. This report was prepared by Auto Outlook, Inc., an independent automotive market analysis firm, and was sponsored by the California New Car Dealers Association. The report was compiled based on data collected from new car dealerships throughout the state, as well as government sources.



**CALIFORNIA NEW CAR DEALERS ASSOCIATION**

1517 L Street | Sacramento, CA 95814 | Phone 916.441.2599 | [www.cncda.org](http://www.cncda.org)



# How California's New Car Dealers Can Utilize the Tools at ElectricForAll.org

**C**onsumer interest in electric vehicles (EVs) is at an all-time high, and it's important for car dealers to be prepared. Those shopping for a new EV will likely come to the showroom with more questions than answers, and the complementary tools featured at ElectricForAll.org can be used by new car dealers to help their customers through the EV buying process.

From learning the facts about going electric and browsing for the right EV to searching for available EV incentives and finding, installing, and saving on a level 2 home charging station, ElectricForAll.org has all Californians covered for every step of their journey to go electric.

## Myth Busting

One of the biggest hurdles facing prospective EV consumers is finding the right information and ElectricForAll.org has a robust section of the site built around busting myths and learning the perks of going electric. Dealers can use the EV Myth Busting page to their advantage! The page is a perfect place to help sales associates dispel the myths about EVs and educate their customers about how EVs can benefit themselves, their community and the world.

Learn more at [ElectricForAll.org/ev-myths](https://ElectricForAll.org/ev-myths).

## EV and Incentive Finders

ElectricForAll.org also provides an up-to-date search function with customizable browsing features for currently available electric makes and models to simplify the search for your next EV. Once you select the EV that's right for you using the Find Your EV tool, you can click the "View Incentives" button on the page to access a list of money and time-saving perks for the desired ZIP code.

Learn more at [ElectricForAll.org/which-car-is-right](https://ElectricForAll.org/which-car-is-right).

## Home Charging Advisor

When it comes to home charging, customers will want to learn the best path forward for their specific living situation, and they'll be happy to know that charging at home can save them money and time! Dealers can answer their questions by heading over to the ElectricForAll.org Home Charging Advisor tool to easily help their customers shop and compare all available Level 2 home charging stations to find the right one for them.

Once a home charging station is identified, the new Home Charging Incentive Assistant tool makes it simple to find and apply online for any available home charging incentives, all in one convenient spot.

Learn more at [HomeCharging.ElectricForAll.org](https://HomeCharging.ElectricForAll.org).

## Three Ways California New Car Dealers Get Involved

1. Get your dealership EV certified so it will appear in ElectricForAll.org's Certified EV Dealers section at [ElectricForAll.org/certified-dealers](http://ElectricForAll.org/certified-dealers).
2. Share the good news! ElectricForAll.org is a free electric car buyer's guide and tool that we encourage you to use and promote to consumers!
3. Dealers and sales associates can join the conversation by using the hashtag #ElectricForAll. Retweet and tag us at @LetsVeloz and @ElectricForAll on Twitter.

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- Maintain at least a part-time status of 6 units each term.
- Have a minimum grade point average of 2.5 on a 4.0 scale (or its equivalent).

**CONTACT SCHOLARSHIP@CNCDA.ORG**

## ABOUT THE SCHOLARSHIP

The California New Car Dealers Association Foundation's "CAR CAREERS" Scholarship Program supports the future automotive workforce by awarding scholarships each year to college students currently studying auto technology in California.

## APPLICATION PROCESS



Scholarship deadline is May 3, 2022.

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# The Ins & Outs Of Dealership Communication

**C**ommunication within your dealership can make a world of difference for your customers, your employees, and your staff. Even if you believe your dealership is great at communicating inside and out, improvement is always possible.

## Working toward more effective communication can mean:

- **Increased Revenue** – Do your service technicians spend a lot of time walking back and forth to the parts back counter to discuss and retrieve parts needed for a vehicle? Are your service advisors waiting for customer authorization on services? How long do customers need to wait at the dealership to get updates on their vehicles and pay? This time adds up to fewer cars serviced, fewer cars sold, and money left on the table.
- **Happier Employees** – Businesses that present more transparency and communication improve employee morale. This means more engaged team members. In fact, according to the McKinsey Global Institute, effective communication can improve productivity in any workplace by up to 25%. Happier employees also mean reduced turnover.
- **A Fulfilling Customer Experience** – Put yourself in the shoes of a customer for a moment. Which sounds better: spending the day in a dealership

waiting room, or going about their day with the trust that they know their car is in good hands? People are known to take better care of their cars over their own health. Your customers want to take their vehicles somewhere where they will be frequently updated on services.

- **Transparency in Your Dealership** – If you communicate better and more frequently with your employees they are more likely to communicate better with you. This means problems are solved quicker, your staff is more relaxed, and your customers come back.

If one or more of these would be beneficial at your dealership, now is the time to start.

## Barriers to Effective Internal Communication

If communication is lacking throughout the dealership, there might be a physical or psychological barrier causing it. The cause may be deeply rooted or something easily fixable.

## Do any of these sound familiar?

### A Lack of Transparency

There could be any number of reasons why staff members might not be in sync. Often it's because nobody understands the goal. For example, if you expect your



dealership to service 1,200 vehicles a month, does everybody in your service department focus on that? If so, are they aware of how they are performing? Not being transparent about information like expectations or even the vision of the business can get in the way of meeting goals.

Clearly defined goals set the right expectations. There should be a process or tool to help maintain an easy flow of internal communication.

### **Unclear Direction from Managers**

An easy mistake a manager can make is to point out an issue without involving employees in finding a solution.

Let's say a service manager received complaints from customers about paint scratches on serviced vehicles. Relaying this to the service staff without a prevention plan going forward may not help. Reminding employees to be careful with vehicles is reasonable, but what if the vehicles were damaged prior to arriving at the dealership? Your team may suggest implementing a more consistent check-in inspection of the vehicle's condition upon arrival. This inspection could actually lead to higher service revenue in repairs to these damages along with more trust from the customer.

### **Employees Can't Ask Questions**

Do you remember the old saying, "There are no stupid questions"? Is that what your employees actually believe? Fostering an environment where your team feels comfortable speaking up will strengthen your dealership. Creating a habit where experienced employees are encouraged to mentor others will improve their morale and allow new employees to get up to speed more quickly.

### **Not Recognizing and Celebrating Good Work**

Staffing issues can mean that teams are stretched more thinly than before. With everyone so busy, it is easy to forget to show appreciation. The perception of being unappreciated can lower morale and lead to burnout. When employees feel recognized and seen by managers, they feel more open to voicing their ideas. Satisfied employees are far more likely to provide superior customer service and productivity.

### **Stressful Training**

The more difficulty new employees have with their training, the less likely they will be comfortable asking questions or communicating well with others. According to a 2016 study by the National Auto Dealers Association, 28% of dealership terminations occur within an employee's first 90 days. Starting a new job often demands learning a lot of information. Investing in effective training programs can pay dividends in quicker new hire productivity while reducing turnover.

### **How to Improve Dealership Communication**

There are several ways a dealership can implement to increase and improve communication between departments. These tips can break down many of the barriers listed earlier that prevent good communication within the dealership.

#### **Start with Yourself**

You are in charge. This means you influence a lot of what happens at your dealership for better and for worse. Create a culture of good communication. Set up ways to promote transparency in your dealership. Spend more time with your staff to create a comfort level for employees to ask questions, understand expectations, and feel more recognized. This should result in better goal attainment, a happier workforce, and more satisfied customers.

#### **Communicate Digitally**

It is hard to beat a face-to-face conversation, but that is not always possible or efficient. Digital communication is better than none at all. There are paid and even free options available for sending messages between departments. It may even be functionality that is already available. Using an internal chat tool can provide quick answers to keep your business running at its peak.

#### **Create One Source of Truth for Information**

A dealership typically invests in many different types of software, with different and sometimes redundant sources of information. Between your DMS, your CRM, and other tools in use at dealerships today, it can be confusing and inconsistent. A best practice is to choose one system to be the source of truth that all employees rely on. This will make transparency easier, and provide the foundation to communicate across departments.

Between all of the benefits, barriers, and tips discussed, there is one overarching theme: effective internal communication is important for a successful dealership, and it starts with you as the manager. It offers many benefits and prevents a lot of potential problems. Overall, it can improve productivity, boost profitability, and create a positive employee and customer experience.

If you are unsure where to start, take a look at your dealer management system. See what features are available that may make following the tips provided easier. As a DMS provider ourselves, we strive to make important processes like internal communication easier for you with dashboards, chat features, and collaboration tools. ◀

Dominion DMS is a pioneer in Microsoft-based management systems with decades of experience partnering with franchise dealerships to deliver a superior experience, reduce costs and protect their business. Our cloud-native VUE DMS offers digital security, flexibility and efficiency to help dealers meet today's rapidly changing market. Explore more of our resources at [VUEDMS.com](http://VUEDMS.com).



# As California Transitions to Electric Vehicles, Franchise Laws Are More Important Than Ever

By Anthony Bento, Director of Legal & Regulatory Affairs

In November 2021, electric vehicle mania was in full swing on Wall Street. Rivian's stock price hit over \$170 per share, resulting in a market cap well over \$100 billion. This young electric vehicle automaker was worth close to the combined value of Ford and GM, despite having delivered only a few hundred vehicles. Lucid, another EV automaker with only a few hundred vehicles delivered, was not far behind with a market cap of nearly \$100 billion. And Tesla hit a stock price of over \$1,200 per share, making it a \$1 trillion company and Elon Musk the richest man in the world.

2022 has not been as kind to shareholders of any of these companies. As of March 18, 2022, stock prices are down by roughly 30% for Tesla and over 60% for Lucid

and Rivian. Still, by any objective measure, valuations of EV automakers remain stratospheric.

If I were CEO of a traditional automaker, I would view the valuations of these EV upstarts with a mixture of dismay and envy. I would also be thinking about ways to capture some of that EV magic to juice my company's stock price.

With this in mind, I was not shocked when Ford announced it would be launching a separate business for electric vehicles. The announcement seems to have had its intended impact – Ford's stock price immediately jumped over 8%.

For dealers, what comes next is critical. Will Ford use this transition as an opportunity to empower and train dealers

to sell EVs, or will Ford use this transition to undermine its relationship with dealers? The potential threat to dealers is significant. Tesla, Rivian, and Lucid all sell directly to consumers, and state franchise law prohibiting direct sales are increasingly challenged. However, the greatest threat to dealers is not direct sales from the likes of Tesla or Rivian. It's direct competition from a dealer's own manufacturer.

California's franchise laws have never prohibited direct sales. Instead, the Golden State bars manufacturers from competing against their own franchisees. In other words, a manufacturer can operate as both a dealer and a manufacturer, so long as it doesn't have independent franchisees.

Defending this law is the top priority for CNCDA. That's why we filed a petition against Volvo on the Care by Volvo program, which sought to transform dealers into mere agents of the manufacturer. Thankfully, the New Motor Vehicle Board and the Department of Motor Vehicles agreed that the program violated California law and discontinued it in our state.

In the coming years, it is more critical than ever for dealers to vigorously defend laws that prohibit manufacturers from competing against their own franchisees. These laws are just and represent sound public policy. Dealers invest millions of dollars in facilities



In the coming **years**, it is more **critical** than ever for **dealers** to vigorously defend laws that **prohibit manufacturers** from competing against their own **franchisees**.



and employees, which enrich local communities. In making these investments, dealers understand that they will face incredible competition (from dealers within the same line and other lines), and success is far from assured. However, dealers should be able to rely on the reasonable assumption that their manufacturer partner, who is the sole provider of new vehicles to a dealership, will not directly compete against them. ◀

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# California Auto Outlook™

Comprehensive information on the California vehicle market

Volume 18, Number 1  
Released February 2022

Covering Fourth Quarter 2021

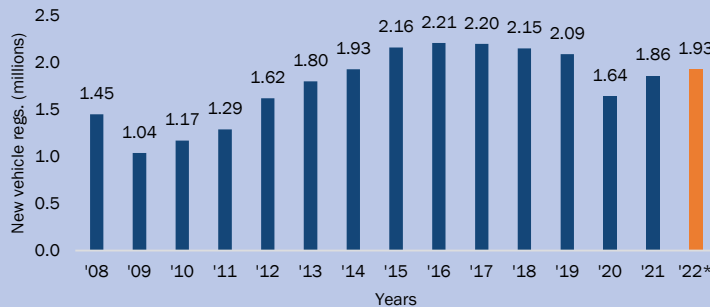
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## California New Vehicle Registrations Should Approach 2 Million Units in 2022

California Annual New Light Vehicle Registrations - 2008 thru 2022

### ANNUAL TRENDS



Historical data source: AutoCount data from Experian. \*2022 forecast by Auto Outlook.

New vehicle registrations in California are predicted to exceed 1.9 million units this year and increase by approximately 4 percent from 2021.

Demand for new vehicles may ease in 2022 due to slower economic growth, increasing inflation, and rising interest rates, but lean inventories will continue to be the controlling factor. Softening demand might reign in some of the upward pressure on vehicle prices, but it's not likely to have an impact on sales levels.

California New Light Vehicle Registrations and U.S. New Vehicle Sales - 2020 and 2021

### TWO YEAR PERSPECTIVE



	California			U.S.		
	2020	2021	Change	2020	2021	Change
<b>Registrations</b>						
TOTAL	1,639,166	1,856,391	13.3%	14,575,255	15,060,287	3.3%
Car	582,908	624,391	7.1%	3,463,479	3,364,513	-2.9%
Light Truck	1,056,258	1,232,000	16.6%	11,111,776	11,695,774	5.3%
Domestic	532,471	584,936	9.9%	6,557,138	6,164,521	-6.0%
European	248,196	281,524	13.4%	1,455,832	1,611,515	10.7%
Japanese	739,680	833,993	12.8%	5,337,527	5,795,133	8.6%
Korean	118,819	155,938	31.2%	1,224,758	1,489,118	21.6%
<b>Market Share</b>						
Car	35.6	33.6	-2.0	23.8	22.3	-1.5
Light Truck	64.4	66.4	2.0	76.2	77.7	1.5
Domestic	32.5	31.5	-1.0	45.0	40.9	-4.1
European	15.1	15.2	0.1	10.0	10.7	0.7
Japanese	45.2	44.9	-0.3	36.6	38.5	1.9
Korean	7.2	8.4	1.2	8.4	9.9	1.5

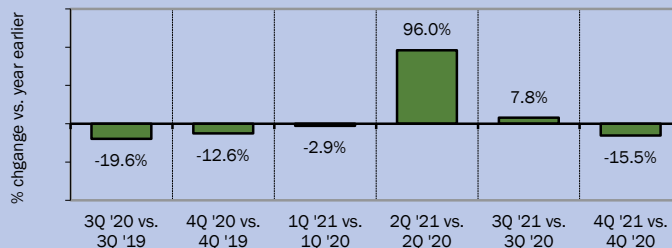
California new light vehicle registrations improved 13.3 percent last year, higher than the 3.3 percent increase in the nation.

The larger percentage increase in the state last year was primarily a result of the sharper decline that occurred in 2020. The California market was hit especially hard when the pandemic emerged two years ago. California new vehicle registrations fell by about 22 percent from 2019 to 2020 versus a 14 percent drop in the Nation. The state market experienced a steeper drop in 2020 and a stronger recovery in 2021.

Source for California new vehicle registrations: AutoCount data from Experian. Source for U.S. sales: Automotive News.

California Quarterly New Light Vehicle Registrations Percent Change vs. Year Earlier

### QUARTERLY RESULTS



Data source: AutoCount data from Experian.

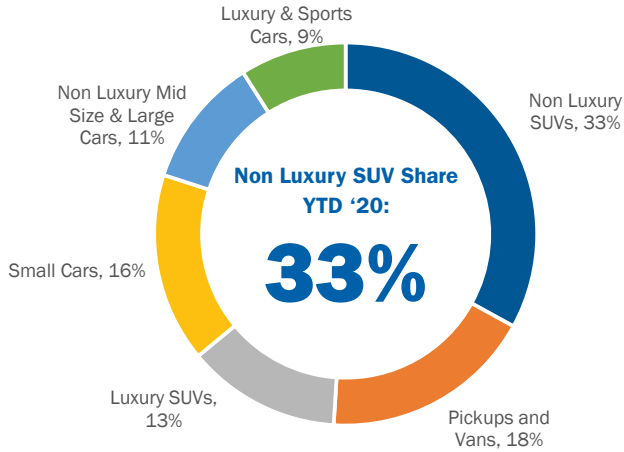
New vehicle registrations in the state fell by more than 15 percent in the Fourth Quarter of 2021 versus year earlier. The drop followed a 7.8 percent increase in the Third Quarter, and a big jump in the Second Quarter as the market recovered from weak year earlier results.

Lean inventories led to the Fourth Quarter decline. Registrations are expected to fall in the first half of this year, and increase versus year earlier levels in the second half.

**SEGMENT MARKET SHARE TRENDS**

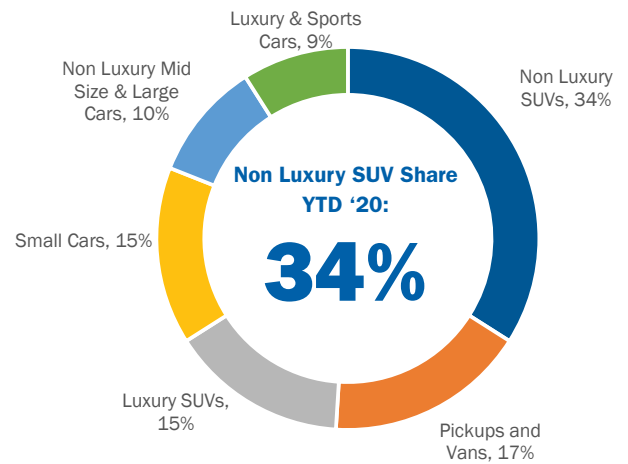
**Non Luxury SUVs Accounted for 34 Percent of State Market**

**Segment Market Shares in California 2020**



Data Source: AutoCount data from Experian.

**Segment Market Shares in California 2021**



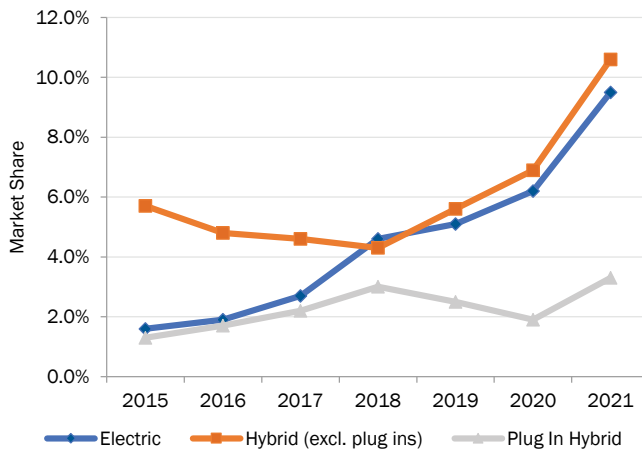
Data Source: AutoCount data from Experian.

The two graphs above show market shares for primary segments in 2020 and 2021.

**HYBRID AND ELECTRIC VEHICLES**

**Estimated Electric Vehicle Market Share Increased to 9.5 Percent in 2021**

**Estimated Hybrid and Electric Vehicle Market Share**



Hybrid/electric vehicle market share in 2021:  
**23.4 percent**

**Estimated Hybrid and Electric New Vehicle Registrations and Market Share**

	2017	2018	2019	2020	2021
Electric registrations	59388	99121	106752	101628	176357
Electric share	2.7%	4.6%	5.1%	6.2%	9.5%
Hybrid regs. (excl. plug ins)	101180	92658	117218	113103	196777
Hybrid share (excl. plug ins)	4.6%	4.3%	5.6%	6.9%	10.6%
Plug in hybrid regs.	48391	64644	52329	31144	61261
Plug in hybrid share	2.2%	3.0%	2.5%	1.9%	3.3%

The graph above shows estimated hybrid powertrain and electric vehicle market share in the state. 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.

**MODEL RANKINGS**

**Toyota Camry Was Best Seller in California New Vehicle Market During 2021**

The table below shows the top five selling models during 2021 in 20 segments. In addition to unit registrations, it also shows each model's market share in its respective segment.



**BEST SELLERS IN PRIMARY SEGMENTS**

- Compact Car: Honda Civic
- Mid Size Car: Toyota Camry
- Near Luxury Car: Tesla Model 3
- Luxury Car: BMW 5-Series
- Full Size Pickup: Ford F-Series
- Compact SUV: Toyota RAV4
- Mid Size SUV: Toyota Highlander
- Luxury Compact SUV: Tesla Model Y

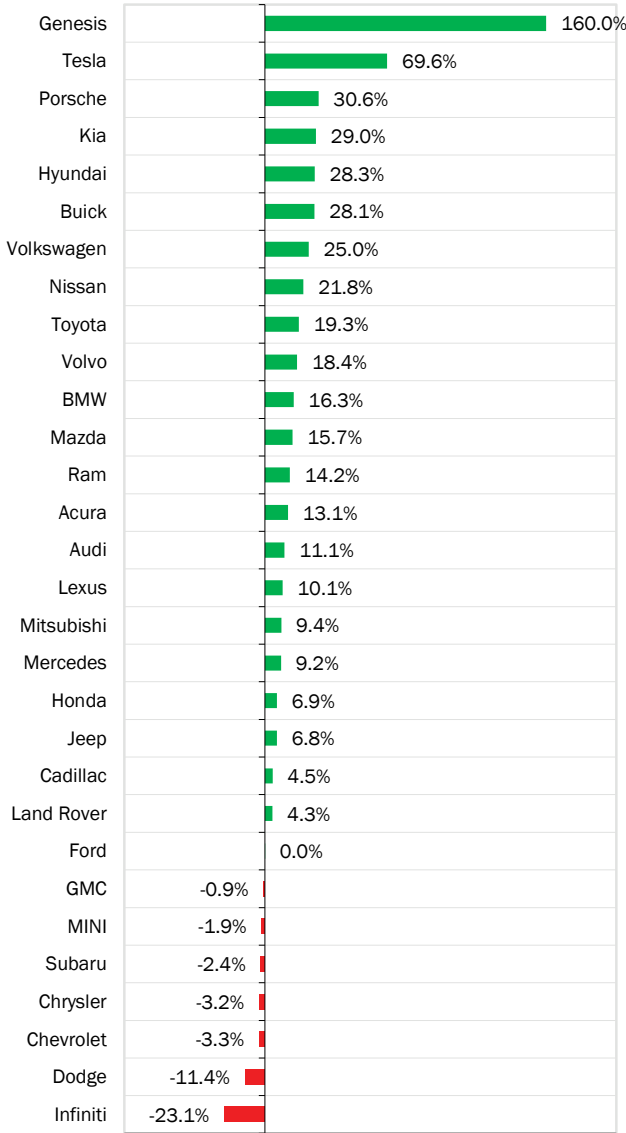
Top Selling Models in Each Segment - New Light Vehicle Registrations (2021, Annual Totals)											
Cars											
Subcompact			Compact			Sports/Pony Cars			Mid Size		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Chevrolet Bolt	9971	31.5	Honda Civic	59818	27.1	Ford Mustang	7393	33.8	Toyota Camry	61599	39.5
Nissan Versa	8391	26.5	Toyota Corolla	48915	22.2	Dodge Challenger	7270	33.3	Honda Accord	44576	28.6
Chevrolet Spark	3107	9.8	Toyota Prius	22310	10.1	Chevrolet Camaro	2788	12.8	Kia K5/Optima	13360	8.6
Kia Rio	2352	7.4	Nissan Sentra	17093	7.7	Mazda MX5	1909	8.7	Nissan Altima	12522	8.0
Toyota Mirai	2295	7.2	Kia Forte	15491	7.0	Toyota Supra	1439	6.6	Hyundai Sonata	10051	6.4
Large			Entry Luxury			Near Luxury			Luxury and High End Sports Cars		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Dodge Charger	10779	58.0	BMW 2-Series	3525	31.2	Tesla Model 3	53572	47.0	BMW 5-Series	6055	13.0
Toyota Avalon	2481	13.4	Mercedes A-Class	2288	20.3	BMW 3-Series	12324	10.8	Mercedes E-Class	5232	11.2
Kia Stinger	1982	10.7	Acura ILX	2072	18.3	Lexus ES	10804	9.5	Tesla Model S	4860	10.4
Chrysler 300	1672	9.0	Mercedes CLA-Class	1787	15.8	Mercedes C-Class	8634	7.6	Chevrolet Corvette	3635	7.8
Nissan Maxima	1596	8.6	BMW i3	1021	9.0	BMW 4-Series	4723	4.1	Mercedes S-Class	3469	7.4
Light Trucks											
Compact/Mid Size Pickup			Full Size Pickup			Mini Van			Large Van		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Toyota Tacoma	44484	53.3	Ford F-Series	46817	28.7	Toyota Sienna	16793	46.7	Ford Transit Connect	14877	39.4
Ford Ranger	11933	14.3	Chevrolet Silverado	44670	27.4	Honda Odyssey	8219	22.9	Ram Promaster	8123	21.5
Jeep Gladiator	7373	8.8	Ram Pickup	41225	25.3	Chrysler Pacifica	6458	18.0	Mercedes Sprinter	6490	17.2
Chevrolet Colorado	6681	8.0	GMC Sierra	19291	11.8	Chrysler Voyager	2615	7.3	Nissan NV	4155	11.0
Nissan Frontier	6210	7.4	Toyota Tundra	8792	5.4	Kia Carnival	1535	4.3	Chevrolet Express	2751	7.3
Subcompact SUV			Compact SUV			Mid Size SUV			Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Subaru Crosstrek	18758	15.4	Toyota RAV4	59157	23.6	Toyota Highlander	29598	13.1	Chevrolet Tahoe	7872	28.1
Honda HR-V	18056	14.8	Honda CR-V	39405	15.7	Ford Explorer	19534	8.7	Ford Expedition	4850	17.3
Nissan Kicks	10838	8.9	Mazda CX5	21404	8.5	Toyota 4Runner	16281	7.2	Chevrolet Suburban	3893	13.9
Hyundai Kona	9164	7.5	Jeep Wrangler	20651	8.2	Subaru Outback	15878	7.0	GMC Yukon	3708	13.2
Kia Niro	7494	6.1	Subaru Forester	16021	6.4	Jeep Grand Cherokee	15768	7.0	Ford Bronco	2487	8.9
Luxury Subcompact SUV			Luxury Compact SUV			Luxury Mid Size SUV			Luxury Large SUV		
Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share	Model	Regs.	Share
Audi Q3	6256	21.3	Tesla Model Y	60394	43.8	Lexus RX	18563	20.8	Cadillac Escalade	4726	21.1
Mercedes GLB-Class	5877	20.0	Lexus NX	12191	8.8	Mercedes GLE-Class	12935	14.5	Mercedes GLS-Class	4311	19.3
Lexus UX	4912	16.7	Audi Q5	11792	8.6	BMW X5	10151	11.4	Land Rover Range Rover	3405	15.2
Mercedes GLA-Class	3785	12.9	BMW X3	10838	7.9	Acura MDX	6056	6.8	BMW X7	3205	14.3
BMW X1	3496	11.9	Mercedes GLC-Class	10327	7.5	Volvo XC90	5356	6.0	Mercedes G-Class	2475	11.1

Data Source: AutoCount data from Experian. Figures for Prius include Prius Prime.

BRAND SUMMARY

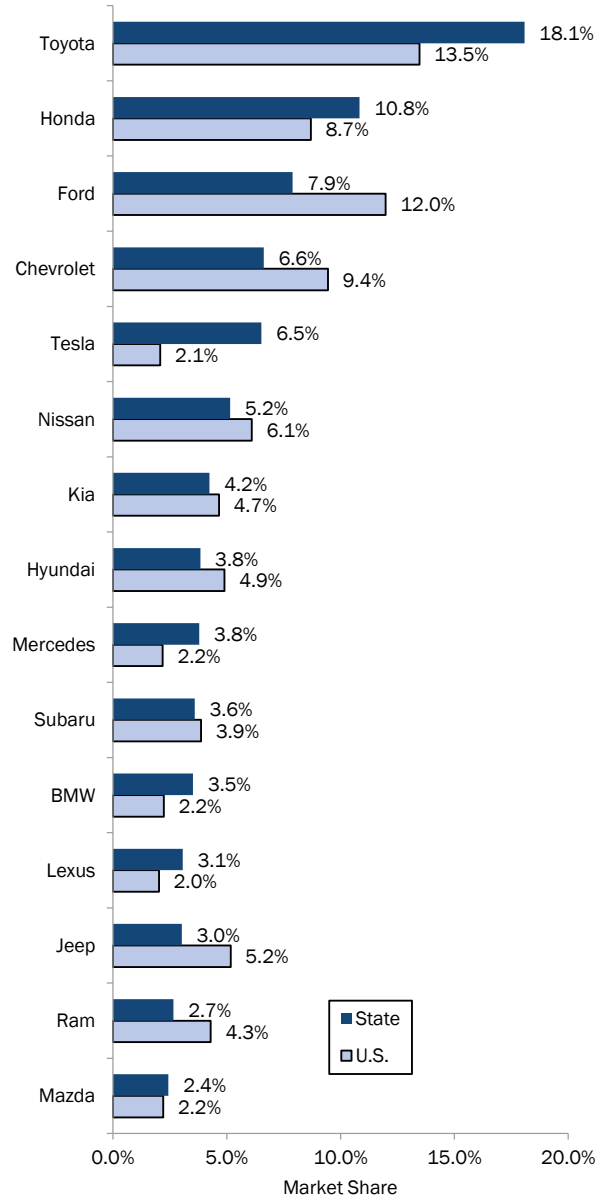
# 16 Brands Had Increases of Greater than 10 Percent in 2021

**Percent Change in Brand Registrations  
2020 to 2021  
(Top 30 selling brands in state)**



Percent change in registrations

**California and U.S. Market Share - 2021  
(Top 15 selling brands in state)**



Market Share



Registrations increased by more than 20 percent for Genesis, Tesla, Porsche, Kia, Hyundai, Buick, Volkswagen, and Nissan



Toyota, Honda, Ford, Chevrolet, and Tesla were market share leaders in California

Source for California new vehicle registrations: AutoCount data from Experian. Source for U.S. market share: Automotive News.

BRAND REGISTRATIONS

Detailed Results for All Brands in California Market

California New Car and Light Truck Registrations												
	Fourth Quarter						Annual Totals					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	4Q '20	4Q '21	% change	4Q '20	4Q '21	Change	2020	2021	% change	2020	2021	Change
TOTAL	439,720	371,529	-15.5				1,639,166	1,856,391	13.3			
Acura	4,348	3,996	-8.1	1.0	1.1	0.1	16,321	18,455	13.1	1.0	1.0	0.0
Alfa Romeo	914	660	-27.8	0.2	0.2	0.0	3,504	3,159	-9.8	0.2	0.2	0.0
Audi	9,572	6,082	-36.5	2.2	1.6	-0.6	33,790	37,524	11.1	2.1	2.0	-0.1
BMW	16,068	15,103	-6.0	3.7	4.1	0.4	56,144	65,310	16.3	3.4	3.5	0.1
Buick	1,131	1,273	12.6	0.3	0.3	0.0	5,319	6,816	28.1	0.3	0.4	0.1
Cadillac	2,845	1,767	-37.9	0.6	0.5	-0.1	9,853	10,295	4.5	0.6	0.6	0.0
Chevrolet	37,330	18,883	-49.4	8.5	5.1	-3.4	127,231	123,006	-3.3	7.8	6.6	-1.2
Chrysler	2,463	2,217	-10.0	0.6	0.6	0.0	11,113	10,760	-3.2	0.7	0.6	-0.1
Dodge	6,240	3,993	-36.0	1.4	1.1	-0.3	26,073	23,108	-11.4	1.6	1.2	-0.4
FIAT	42	12	-71.4	0.0	0.0	0.0	387	136	-64.9	0.0	0.0	0.0
Ford	37,028	33,420	-9.7	8.4	9.0	0.6	146,425	146,486	0.0	8.9	7.9	-1.0
Genesis	550	2,214	302.5	0.1	0.6	0.5	2,289	5,952	160.0	0.1	0.3	0.2
GMC	9,396	5,540	-41.0	2.1	1.5	-0.6	33,172	32,879	-0.9	2.0	1.8	-0.2
Honda	47,071	35,563	-24.4	10.7	9.6	-1.1	188,277	201,196	6.9	11.5	10.8	-0.7
Hyundai	14,646	14,017	-4.3	3.3	3.8	0.5	55,534	71,271	28.3	3.4	3.8	0.4
Infiniti	2,184	1,355	-38.0	0.5	0.4	-0.1	10,154	7,813	-23.1	0.6	0.4	-0.2
Jaguar	737	301	-59.2	0.2	0.1	-0.1	3,826	2,755	-28.0	0.2	0.1	-0.1
Jeep	12,549	12,506	-0.3	2.9	3.4	0.5	52,647	56,216	6.8	3.2	3.0	-0.2
Kia	16,517	17,394	5.3	3.8	4.7	0.9	60,996	78,715	29.0	3.7	4.2	0.5
Land Rover	4,582	3,130	-31.7	1.0	0.8	-0.2	15,506	16,167	4.3	0.9	0.9	0.0
Lexus	14,829	11,697	-21.1	3.4	3.1	-0.3	51,793	57,005	10.1	3.2	3.1	-0.1
Lincoln	1,517	1,079	-28.9	0.3	0.3	0.0	6,044	4,853	-19.7	0.4	0.3	-0.1
Maserati	179	303	69.3	0.0	0.1	0.1	1,109	1,291	16.4	0.1	0.1	0.0
Mazda	9,702	7,099	-26.8	2.2	1.9	-0.3	39,145	45,286	15.7	2.4	2.4	0.0
Mercedes	18,311	13,379	-26.9	4.2	3.6	-0.6	64,543	70,453	9.2	3.9	3.8	-0.1
MINI	1,510	913	-39.5	0.3	0.2	-0.1	5,397	5,294	-1.9	0.3	0.3	0.0
Mitsubishi	710	1,244	75.2	0.2	0.3	0.1	5,759	6,301	9.4	0.4	0.3	-0.1
Nissan	19,559	17,620	-9.9	4.4	4.7	0.3	78,507	95,650	21.8	4.8	5.2	0.4
Other	674	726	7.7	0.2	0.2	0.0	3,010	3,381	12.3	0.2	0.2	0.0
Porsche	3,711	3,535	-4.7	0.8	1.0	0.2	13,121	17,130	30.6	0.8	0.9	0.1
Ram	10,521	10,647	1.2	2.4	2.9	0.5	43,196	49,343	14.2	2.6	2.7	0.1
Subaru	18,454	12,235	-33.7	4.2	3.3	-0.9	68,333	66,700	-2.4	4.2	3.6	-0.6
Tesla	21,290	39,040	83.4	4.8	10.5	5.7	71,390	121,080	69.6	4.4	6.5	2.1
Toyota	79,378	60,394	-23.9	18.1	16.3	-1.8	281,391	335,587	19.3	17.2	18.1	0.9
Volkswagen	9,618	9,319	-3.1	2.2	2.5	0.3	35,576	44,471	25.0	2.2	2.4	0.2
Volvo	3,544	2,873	-18.9	0.8	0.8	0.0	12,291	14,547	18.4	0.7	0.8	0.1

Source: AutoCount data from Experian.

The table above shows new light vehicle (car and light truck) registrations in California. Figures are shown for the Fourth Quarters of 2020 and 2021, and annual totals. Vehicle registrations are recorded based on when the vehicle title information is processed by the state, which typically occurs after the vehicle is sold. The top ten ranked brands in each category are shaded yellow

California Auto Outlook

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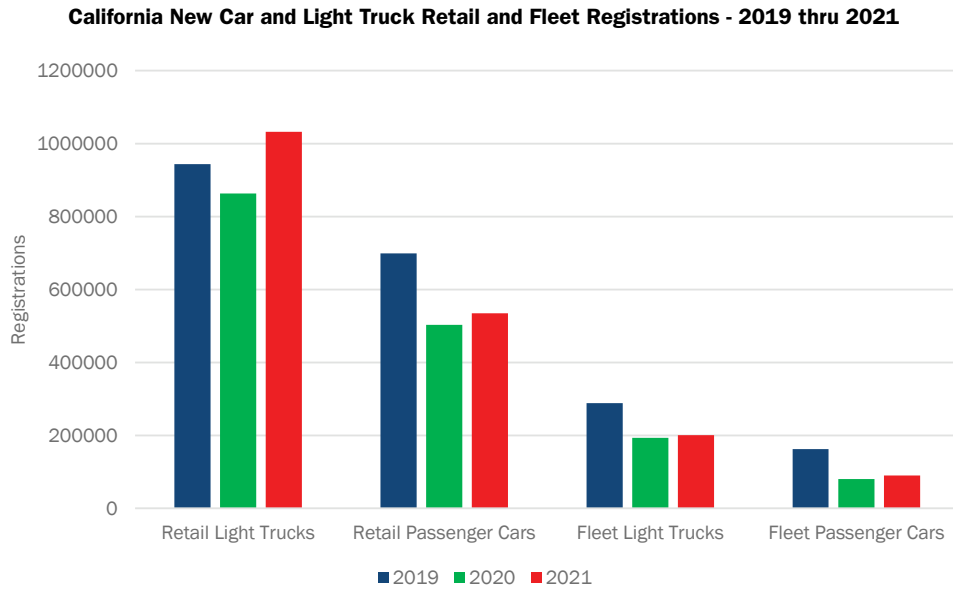
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**BREAKDOWN OF RETAIL AND FLEET MARKETS**

**Retail Transactions Increased at Faster Pace Than Fleets in 2021**



Data Source: AutoCount data from Experian.

**PERCENT CHANGE:  
2021 vs. 2020**

**Retail cars: UP 6.2%**  
**Retail light trucks: UP 19.5%**

**Fleet cars: UP 3.7%**  
**Fleet light trucks: UP 12.7%**

**REGIONAL MARKETS IN CALIFORNIA**

**Northern and Southern California Markets Posted Similar Results in 2021**

New Retail Light Vehicle Registrations (excluding fleets) 2021			
North and South California	2020	2021	% chg.
Statewide Total	1,366,382	1,566,396	14.6%
Cars	503,152	534,475	6.2%
Light Trucks	863,230	1,031,921	19.5%
Northern California	460,915	528,383	14.6%
Cars	158,524	167,383	5.6%
Light Trucks	302,391	361,000	19.4%
Southern California	905,467	1,038,013	14.6%
Cars	344,628	367,092	6.5%
Light Trucks	560,839	670,921	19.6%
Selected Regional Markets			
San Francisco Bay	243,075	275,321	13.3%
Cars	89,554	91,347	2.0%
Light Trucks	153,521	183,974	19.8%
LA and Orange Counties	521,972	588,042	12.7%
Cars	207,954	216,933	4.3%
Light Trucks	314,018	371,109	18.2%
San Diego County	119,841	139,335	16.3%
Cars	39,426	42,313	7.3%
Light Trucks	80,415	97,022	20.7%

Data Source: AutoCount data from Experian.

**Percent Change in New Retail Registrations - 2021 vs. 2020**



**MARKET SEGMENTS**

**“True Truck” Share of State Retail Market is Below 40%**

In 2021, light trucks accounted for 66.4 percent of the state market, up sharply during the past several years. But due to the sometimes fuzzy standards the industry has used to classify vehicles, these frequently cited light truck market share figures can send a misleading signal regarding an apparent shift to bigger vehicles.

For example, many sub compact and compact SUVs (i.e., Buick Encore and Honda CR-V) are essentially passenger cars with a hatchback, a higher center of gravity,

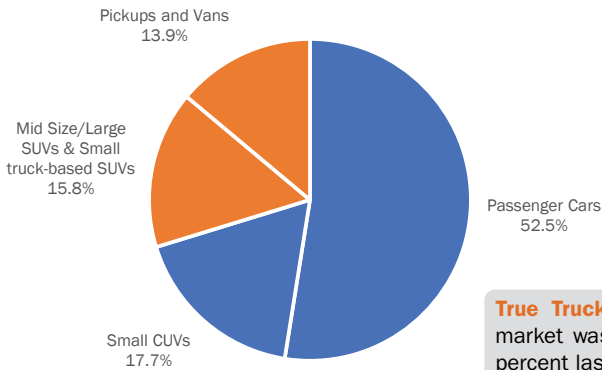
and more ground clearance. But these vehicles are traditionally classified as light trucks and are included in the same broad segment category as full size pickups and large SUVs. In many ways, small CUVs are more similar to compact cars than to 6,000 pound trucks.

The analysis below presents an alternative picture of truck market share in California by re-mapping these traditional breakdowns. The two orange shaded circles comprise what we are calling True Trucks - mid size

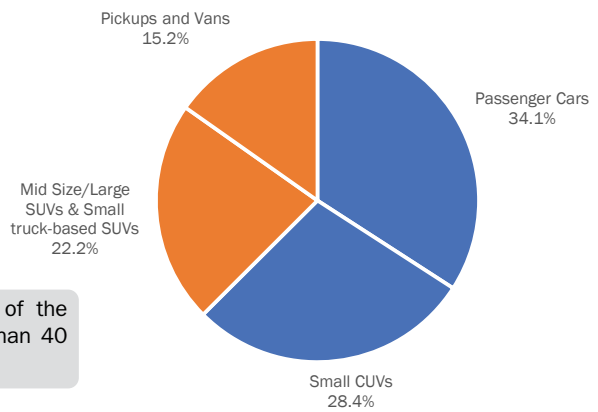
and full size SUVs, truck-based small SUVs, pickups, and vans. The two blue circles consist of passenger cars and small crossover SUVs.

By removing small CUVs from light trucks, true truck market share in the state during 2021 was well below half of the market - 37.4 percent. It’s increasing, up by 7.7 points from 2016, but the combined total for passenger cars and small CUVs accounts for the dominant share of the market.

**Segment Shares in State New Retail Market - 2016**



**Segment Shares in State New Retail Market - 2021**



**True Truck** share of the market was less than 40 percent last year.

Data Source: AutoCount data from Experian.

**BEST SELLERS IN MID SIZE SUV SEGMENT**

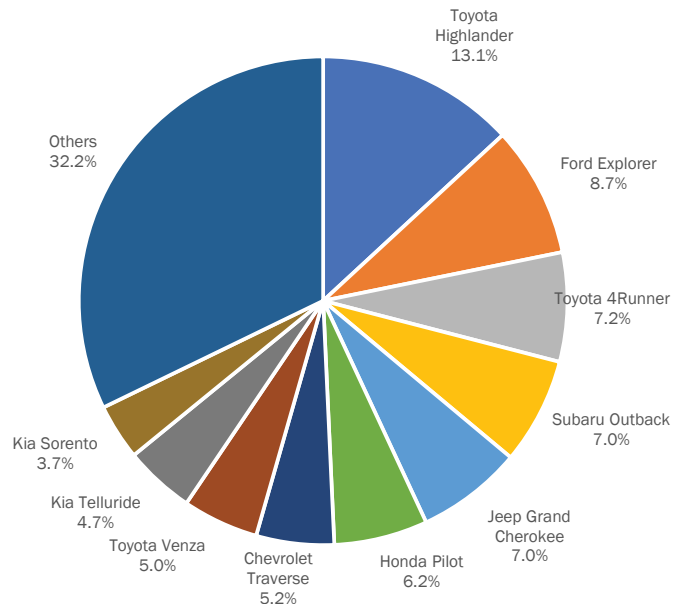
**Toyota Highlander and Ford Explorer Are Top Sellers in Mid Size SUV Segment**

**Share of California Non Luxury Mid Size SUV Segment - 2021**



**TOP SELLING MID SIZE SUVs**

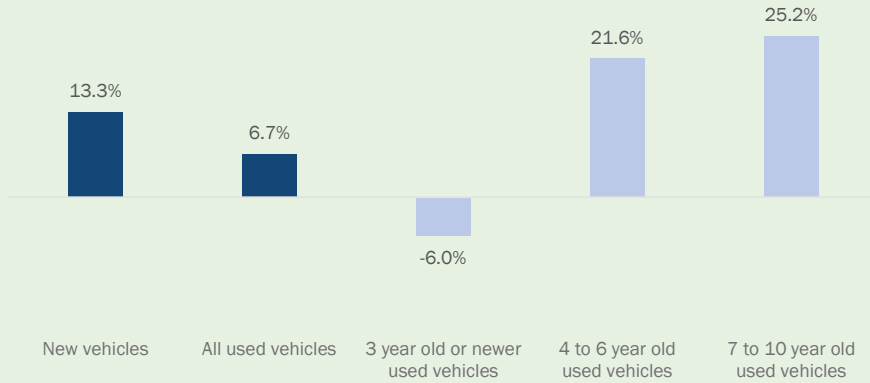
- Toyota Highlander**
- Ford Explorer**
- Toyota 4Runner**
- Subaru Outback**
- Jeep Grand Cherokee**



Data Source: AutoCount data from Experian.

## California Used Vehicle Market Increased 6.7 Percent in 2021; Small Improvement Expected in 2022

Percent Change in New and Used Vehicle Registrations - 2021 vs. 2020



Data Source: AutoCount data from Experian.

### THREE KEY TRENDS IN USED VEHICLE MARKET



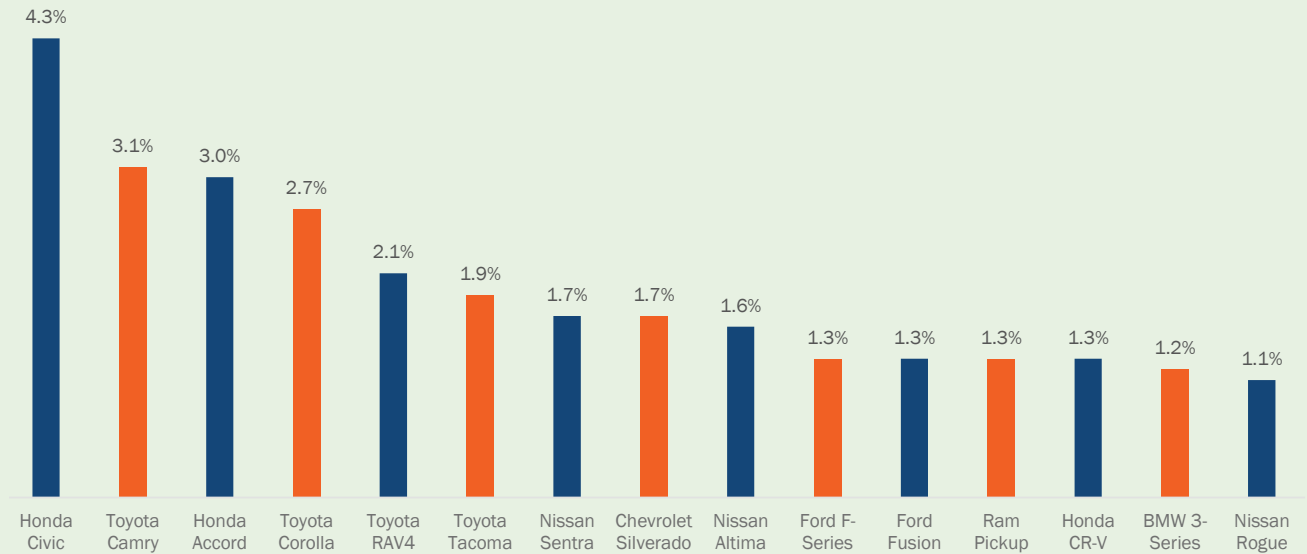
01. Used vehicle registrations in California were up 6.7 percent last year, below the 13.3 percent increase in the new vehicle market.
02. Registrations of 4 to 6 year old vehicles increased 21.6 percent in 2021. The 7 to 10 year old market was up 25.2 percent. Tight supplies impacted registrations of 3 year old or newer vehicles, which fell 6 percent vs. 2020.
03. Restricted inventories and record-high prices will likely limit gains in used vehicle sales over the next 12 months. Used vehicle registrations in 2022 should be close to 2021 levels.

### BEST SELLERS IN CALIFORNIA USED VEHICLE MARKET

## Honda Civic is Top Seller in California Used Vehicle Market

The graph below shows market shares for the top 15 selling models in the California used vehicle market (only includes vehicles 6 years old or newer).

Market Share for Top 15 Selling Models in California Used Vehicle Market (only includes vehicles 6 yrs. old or newer) - 2021



Data Source: AutoCount data from Experian.



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