

**The Dealer/Manufacturer Partnership
Remarks by
NADA Chairman Ed Tonkin
to the
Automotive Dealer Day 2010
May 25, 2010
Verona, Italy**

Good morning, everyone... It's a great pleasure to be here with you.

I really appreciate the opportunity to talk to you today, especially about the importance of dealer-manufacturer relations. It's a topic that is at the very core of our business. We truly cannot succeed without each other.

The OEMs know it too, and they recognize their dependence on us:

- We are on the front line with car-buyers ... we represent them to the public, through good times and bad.
- We are *their* customers ... *we* generate their profits.
- And they cannot match our political clout in Washington. We have 535 members of our House of Representatives and 100 members of the Senate. And there is at least one car dealer – one important employer – in every single one of their districts.

We are protected by laws in each state, which were put in place many years ago to protect small, entrepreneurial dealers from these large, now-global corporations. The state franchise laws prohibit manufacturers from selling directly to consumers and from owning dealerships.

Dealers cannot be terminated without a fair hearing. And existing dealers must be consulted before new locations are added nearby.

Over the years, manufacturers have tried to circumvent those laws. Ford's Retail Network and Blue Oval program, and General Motors Retail Holdings were attempts by these two OEMs to operate dealerships in the late 1990s. They all failed.

I will say, though, GM and Chrysler succeeded in getting around those laws last year. Once they declared bankruptcy, they were able to terminate dealerships at will, and they did.

Dealers fought back though, and hundreds of the terminated dealers have been or will be reinstated.

The economic and industry turbulence over the past year-and-a-half strained our relations with those two manufacturers at times. But the basic relationship has not changed, and there are ground rules that must be followed to work together successfully.

First and foremost, ongoing dialogue is critical. Neither of us can operate successfully in a vacuum.

Second, we must work *together* on issues whenever we can. A good example of this right now is our government's efforts to regulate emissions and fuel standards. They want to let each state set its own standards, while NADA and the manufacturers know that a single, national policy would be much more effective.

Third, when we do have differences with the OEMs, we are able to mobilize our dealers – their customers – to work with them, and we back up our positions with concrete data.

Much of this data comes from our twice-yearly Dealer Attitude Survey, which is a key component is maintaining our ongoing relationships with the manufacturers. We have an astounding forty-five percent participation rate for the surveys, so the results are meaningful to the OEMs and often influence policies.

We have face-to-face meetings with virtually all of the manufacturers twice each year to present the survey results, and these meetings are critical to helping us continually strengthen our relationships with them.

And the dealers know how important this is ... that's one reason we have such a high participation rate in the survey.

Most dealers rate the importance of this ongoing dialogue highly – between eight and nine out of ten.

In addition to meeting regularly with individual manufacturers, we took it a step further last month. Along with the forecasting firm IHS Global Insight, NADA hosted a forum that brought together top industry execs and included presentations and panel discussions from automakers, suppliers, retailers and the media ... oh, and Google, of course, since they are apparently going to be running everything soon.

Sergio Marchionne kicked it off with a keynote speech about Chrysler's future. And Toyota's Jim Lentz was there and talked candidly about that company's recent troubles.

It was a rare opportunity for automakers, dealers and suppliers to come together in one location and share insights on where the auto industry is headed after nearly two years of turmoil.

And I have to believe it further strengthened the dealer-manufacturer partnership.

It's in the best interest of all manufacturers to establish and maintain excellent relations with their dealers. Dealers who are treated as true business partners by their manufacturers and are provided the opportunity for healthy profits and a good return on investment have more confidence in the manufacturers they represent.

It's important to maintain partnerships with other dealers, too, which is why our partnership with Quintegia is so significant.

We especially appreciate the strong turnout at our convention for the past several years. Your presence there increases the value for everyone.

And we hope that will continue when we head to San Francisco for the 2011 convention.

I'm looking forward to seeing you all there. Thank you very much.

###