



NATIONAL INDEPENDENT AUTOMOBILE DEALERS ASSOCIATION

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March 7, 2016

Via Electronic Submission

Federal Trade Commission
Office of the Secretary
Suite CC-5610 (Annex J)
600 Pennsylvania Avenue
Washington, DC 20580

Re: Comments to Auto Buyer Consumer Survey, Project No. P154800

Dear Secretary,

The Federal Trade Commission (“FTC” or “Commission”) published a notice in the federal register seeking comment about a proposed qualitative survey the Commission wishes to conduct of consumers who recently purchased an automobile and financed the purchase through a dealership.¹ The National Independent Automobile Dealers Association (“NIADA”) submits the following comments to the Commission regarding the proposed survey.

NIADA is among the nation's largest trade associations representing the used motor vehicle industry comprised of more than 38,000 licensed used car dealers. For 70 years, NIADA has engineered programs and leveraged technology to fulfill its mission to advance, educate, and promote the independent, used car dealer. NIADA's members include dealers that sell used vehicles wholesale, retail, and buy here pay here.

The majority of NIADA’s dealer members own and operate small businesses as defined by the Small Business Administration with almost 50 percent of those members employing five or fewer employees. More than 40 percent of these dealers have been in business longer than 20 years.

¹ 81 Fed. Reg. 780-783 (Jan. 7, 2016).

The Commission's federal register notice indicates that the scope of the survey will initially involve 5 in-person consumer interviews to test the survey's questionnaire. Presumably once the questionnaire is satisfactory to the Commission, the proposal indicates that 40 additional racially diverse consumers of both genders will be interviewed with the option to interview 40 others if needed. Of those 40 interviewed, half will involve consumers with prime credit scores and half will involve consumers with subprime credit scores.²

Interviews will focus on the consumer's experience in shopping for and choosing an automobile; the process for agreeing to a purchase price; the process of the trade-in process; the financing experience; additional products and services that the dealer may have offered; the contact between consumers and the dealership after the transaction; and the consumer's overall perception of the experience. Interviewers will also review the consumers' transactional documents with a focus towards the consumers' understanding of those documents.³

After reviewing the scope of the proposal, NIADA expresses its concern about the practical usefulness of this qualitative approach. Each motor vehicle transaction is a unique, individualized experience between the consumer and the dealership. Likewise, the financing of a motor vehicle purchase is a unique experience between the consumer and the finance company. One set of experiences will rarely translate to another.

In fact, the FTC recognizes this limitation by stating, "...the results will not be generalizable to the U.S. population..."⁴ Given this lack of generalization, NIADA does not believe the costs to conduct the survey are warranted.

Moreover, this proposed survey is duplicative of the qualitative approach the Commission took when it invited public participation during the auto roundtables held by the Commission in 2011. The FTC's stated purpose in conducting the roundtables and requesting public comment was to "gather information on possible consumer protection issues that may arise in the sale, financing or lease of motor vehicles."⁵ That purpose is identical to the stated purpose of this survey: "to inform the Commission about current consumer protection issues that may exist,"⁶ so presumably the information gathered from the public as part of the roundtables is virtually identical to the information to be gathered from this survey. NIADA does not believe the cost to conduct this survey is warranted when same type of information was presumably obtained and reviewed for qualitative purposes less 5 years ago.

² 81 Fed. Reg. at 781.

³ Id.

⁴ Id.

⁵ The Road Ahead: Selling, Financing & Leasing Motor Vehicles. <https://www.ftc.gov/news-events/events-calendar/2011/08/road-ahead-selling-financing-leasing-motor-vehicles>.

⁶ 81 Fed. Reg. at 781.

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NIADA understands the Commission's need to understand the consumer protection issues in the vehicle purchase, finance, and lease process. Likewise, NIADA supports the Commission's goal to educate consumers about this process and welcomes the opportunity to continue exploring opportunities to partner in accomplishing that goal.

However, the conducting of this survey is duplicative of past efforts and will do nothing to further the Commission's stated purpose that has not been previously done, particularly, given the Commission's inability to generalize any information that would be obtained from the survey. Therefore, NIADA encourages the Commission not to expend taxpayer monies on something that will yield no new value.

NIADA appreciates the opportunity to comment on this proposal. Please do not hesitate to contact me if we can be of further assistance to you in consideration of this survey.

Sincerely,

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A handwritten signature in blue ink, which is mostly illegible but appears to start with a 'C'.

Senior Vice President
Legal and Government Affairs