

Approved 1-30-90
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The meeting was called to order by Sen. Bill Morris
Chairperson

9:02 a.m./p.m. on January 25, 1990 in room 254-E of the Capitol.

~~All members were present except~~ Members present: Senators Morris, Francisco, Hayden, Kanan, F. Kerr, Martin, Rock, Sallee, Thiessen and Vidricksen.

Committee staff present:

Ben Barrett, Legislative Research Department
Hank Avila, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Louise Cunningham, Committee Secretary

Conferees appearing before the committee:

Mike Grogan - Executive Director of Wichita New Car Dealers Association.
Jeff Longbine - Longbine Chevrolet-Geo of Emporia
Dan Carlson - Kansas Independent Auto Dealers Association
Kevin Allen - Kansas Motor Car Dealers Association
Ed Whitney - Scheetz Motor Co., Inc., Norton
Terry Humphrey - Kansas Manufactured Housing Association
Don Christman - Kansas R.V. Dealers

Hearing on S.B. 486 - Vehicle dealers and manufacturers, prohibiting brokers.

Mike Grogan said that "automobile brokering" is unfair competition and brokers are doing business without any investment, risk or responsibility to the customer and without any obligation to service the product. A copy of his statement is attached. (Attachment 1).

Jeff Longbine expressed his concerns with the automobile brokering business and said the Lemon laws may not apply since the owner is not the original purchaser. He spoke of the number of people that were employed by a new car dealer and how they are all hurt by this practice. A copy of his statement is attached. (Attachment 2).

Dan Carlson said these brokers are also a threat to the used car dealers. Dealers have to pay their taxes every year and have the expense of keeping their businesses going. The brokers come in and complete in their regions and they are not competing on the same levels. Passage of this bill would clear up some of the problems in the industry. A copy of his statement is attached. (Attachment 3).

Kevin Allen feels that brokering of automobiles and other vehicles is unlawful under present law. However, there is an ambiguity in the law which needs to be cleared up. S.B. 486 would clarify the law. This bill is important to maintain the automobile distribution system as we know it. A copy of his statement is attached. (Attachment 4).

Ed Whitney, said he had to pay for a franchise that is being eroded by competition from a broker. He spoke of having to pay taxes, maintain a place of business, buy special tools, have factory trained mechanics, computers approved by the manufacturer and other expenses. These expenses are not incurred by brokers. S.B. 486 is similar to legislation which stopped the practice in Arkansas. Presently 16 states plus D.C. have this type of legislation. They have very little responsibility to the consumer and do not have to share the expense of doing business.

CONTINUATION SHEET

Minutes of the T&U Committee on January 25, 1990

Norm Sherbert, GMC, did not appear as a conferee but did answer some questions from the committee. He said they favor this type of legislation. He said the franchise business was the bloodline of the industry. The manufacturer does not sell to anyone other than dealers and these cars were coming from the dealers themselves.

Terry Humphrey, said she had an amendment to provide for the continuation of R.V. brokering. A copy of her statement and amendment is attached. (Attachment 5).

Don Christman explained the need for the amendment for the R.V. dealers. The consumers of these vehicles are usually 50 years or older and when health problems arise or the death of a spouse, the survivor usually asks the R.V. dealer to provide an important service and act as a broker. This is an important service to customers and so the amendment has been requested. A copy of his statement is attached. (Attachment 6).

Mike Grogan said there was objection to the amendment as written and the two parties would work on an acceptable amendment.

A motion was made by Sen. Francisco to approve the Minutes of January 23, 1990. Motion was seconded by Sen. Hayden. Motion carried.

Meeting was adjourned at 10:00 a.m.

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date 1-25-90 Place 254-E Time 9:02

GUEST LIST

NAME

ADDRESS

ORGANIZATION

NAME	ADDRESS	ORGANIZATION
Don CHRISTMAN	5923 S.W. 31 ST TERR, TOPEKA	KANSAS R.V. DEALERS.
Tommy Humphrey	Topeka	RV KS Manufactured Housing
Kevin Allen	Topeka	Ks. Motor Car Dealers Assn.
Ed Whitney	NORTON	Scheetz Motor Co. Inc.
PAT BARNES	TOPEKA	Ks. Motor Car Dealers Assn.
Jacque Dukes	Topeka	Ks. Ind. Auto. Dealers Assn.
Dan Carlson	Topeka	KS Ind Auto Dealers Assoc
Dean TRIMMER	Council Grove	KMCDA
Tom Whitaker	Topeka	Ks Motor Carriers Assn
Dan Somerville	TOPEKA	KDOT
Norm SHERBERT	Den.	GM
Mike Hogan	Topeka	Ks Auto Dealers Association (Calicut)
Jeff Longbine	Emporia	"
Mauch Willy	Topeka	KDOR
ED DE SOIGNE	TOPEKA	KANSAS CONTRACTORS ASSOC.

KANSAS AUTOMOBILE DEALERS LEGISLATIVE COALITION

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

January 25, 1990

Statement of Mike Grogan

Mr. Chairman; Senators. My name is Mike Grogan, Executive Director of the Wichita New Car Dealers Association and Executive Director of the Kansas Automobile Dealers Legislative Coalition. On behalf of the Coalition and Kansas Independent Automobile Dealers Association, the following statement is respectfully submitted for your consideration.

First of all, let me state for the record that "automobile brokering" affects all Kansas new and used car dealers no matter how large or small, no matter if your dealership is located in an urban or rural area. Under the guise of competition, new players seek to establish a foothold in the retail automobile business. Insurance companies, soap distributors and even discount stores all want to deal in new automobile and truck sales. However, they wish to do so: without any investment; without any risk; without any responsibility to the customer, and; without any obligation to service the product. The survival of the automobile franchise system is currently under attack by the Wal-Marts, Sears, AMWAY, K-Marts, and others.

At this time, there are approximately 40 WAL-MARTS, one HYPERMART, and two SAMS WHOLESale CLUBS located in Kansas. Information provided to this office indicates that within the next two years plans are for an additional 26 Wal-Marts to be constructed, and there are in excess of 119 K-MARTS in Kansas.

Unfair competition from companies with no stake in, nor knowledge of, the automobile business will rapidly bring the demise of personal, convenient and satisfactory customer service in Kansas. Therefore, on behalf of 17,000 plus Kansans who are in the front lines of the automobile industry, including your hometown dealers, I respectfully urge your passage of Senate Bill 468 to the full Senate. At this time, I would like to introduce Mr. Jeff Longbine, of Longbine Chevrolet, who will give you his first-hand knowledge of the problem.

ATT. 1
T&U
1-25-90

Summarizing the Anti-Broking Bill

ISSUE

■ AN ACT amending the vehicle dealers' and manufacturers' licensing act; concerning brokers; amending K.S.A. 8-2402 and K.S.A. 1989 Supp. 8-2401 and 8-2404 and repealing the existing sections.

WHAT'S AT STAKE

The integrity and viability of the auto industry's franchise/distribution system.

- Accountability for representations made by brokers to consumers regarding price, financing, service, warranty and the applicability of lemon laws.
- Stable service prices for all car-owners.
- Customer satisfaction after the sale.
- Access to adequate service facilities in less populated regions for Kansas.
- The livelihoods of 5,000 plus new-car dealership sales people.
- New-car dealers, their 12,000 Kansas employees.

ACTION

An amendment to ban broking is set for a January introduction and hearing before the Senate Transportation and Utilities Committee.

DEFINITIONS

■ **BROKERS** are unaffiliated third parties in new-car sales who can act between dealers and between dealers and customers. Their profit, or fee, is the difference between a dealer's sales price, including that dealer's profit, and the price a broker charges the customer. The broker's profit effectively substitutes for commissions earned by the dealership sale personnel. General Motors Corporation regard brokers as "FREE RIDERS" on the manufacturers' franchise system who "do not serve the consumers' best interest."

■ Manufacturers have used the FRANCHISE system to sell their product to the consumer ever since the birth of the industry in the early 1900's. Dealers paid cash in advance for the product and were contractually liable to serve them. Today, new-car dealers continue to be the vital distribution and service link between manufactures and consumers. Broking corrupts the integrity system, undermining the manufacturers' quest for customer satisfaction.

WINNERS

When Kansas joins other states in banning, beneficiaries will include:

- Manufactures and their employees because broking runs absolutely counter to industry's drive to guarantee customer satisfaction.
- Car-owners who depend upon new-car dealers to service their vehicles because unimpeded broking will likely lead to higher service costs for all car-owners.
- New-car dealers, their 12,000 Kansas employees and 5,000 dealership sales personnel who depend upon new-car sales for their livelihood.

The Case AGAINST New-Car Brokering

■ Brokering Harms the CONSUMER

- The consumer has no recourse against a broker regarding misrepresentations as to price, financing, service, warranty, or lemon law applicability.
- The consumer receives no notice of retail incentive programs, such as factory and dealer finance programs, including rebates, interest rates and special accessory packages at discount prices.
- Brokers emphasize price, to the exclusion of quality and service, with no assurance that the brokered price is in fact lowest.
- To the extent that brokering impairs the ability of the dealer to sustain his service facilities, the consumer may eventually be deprived of accessibility to factory-standard warranty and non-warranty service.

■ Brokering Harms the FRANCHISE SYSTEM

- Brokering constitutes unfair competition with traditional franchised new-car dealers.
- A dealership represents a substantial investment in parts, service facilities, equipment, and personnel, which the broker does not have.
- Dealers are subject to government mandates which brokers are not:
 - Automobile Franchise Law
 - Service Facility Requirements
 - Warranty Provisions
- Dealers are required to provide facilities and personnel to perform warranty service; brokers do not.
- Dealers are evaluated daily on C.S.I. (Customer Satisfaction Index) by the manufacturers; brokers have no such self-correcting mechanism.

■ Brokering Harms the MANUFACTURER

- In a brokered sale, the manufacturer has no influence over the representations made to the customer.
- Brokering disrupts the manufacturer's vehicle allocation and distribution system.

■ Brokering Harms the CAR SALESMAN

- Brokering deprives the salesman of commission income which is the basis of his livelihood.

SENATE TRANSPORTATION AND UTILITIES COMMITTEE
JANUARY 25, 1990
STATEMENT OF JEFF LONGBINE

"SENATE BILL 486"

Mr. Chairman; Senators. My name is Jeff Longbine, who, along with my father, Rich Longbine, own and operate Longbine Chevrolet-Geo of Emporia, Kansas. I am a third generation automobile dealer family-owned concern. I would like to take this opportunity to share some of my concerns regarding auto brokering in Kansas that we currently face.

I. Consumer Protection

A. Lack of Service Facilities

1. Brokers do not normally have service facilities
2. At no time can brokers do warranty work

B. Warranty

1. Brokered autos are actually sold to the second purchaser which may cause the vehicle to be subject to a deductible.
2. Purchasers do not have a franchised dealer to arbitrate with the factory in the case of a non-covered repair.

C. Safety and Protection

1. Brokered autos are difficult for the manufacturers to trace in the event of a safety recall.
2. Lemon Laws may not apply since the owner is not the original purchaser.

II. Dealer Protection

- A. The franchise system is in jeopardy since Wal-Mart, K-Mart and other large retailers have expressed interest in brokering cars. If they are allowed to do this, they will no doubt become involved with farm implements, houses, and any other area that they can sell a good or service at a lower cost.
- B. Brokers do not employ the amount of people that a new vehicle dealership is required to employ. Therefore, they do not pay the wages, payroll taxes, and workers compensation insurance rates that a dealership must pay.
- C. Brokers do not own the facilities that a dealership does. They do not support state and local governments through taxes the way dealerships do.

III. State Protection

- A. The new car dealers and the state have always had a good relationship. Automobile dealers employ a lot of people, collect a lot of taxes, and spend a lot of money in their communities.
- B. Elimination of brokering would ease the burden that is now in place on the enforcement of the current laws concerning vehicles.

ATT. 2
T&U
1-25-90

KANSAS INDEPENDENT AUTOMOBILE DEALERS ASSOCIATION

1115 WESTPORT SUITE E • MANHATTAN, KANSAS 66502 • 913-776-0044



TO: Senate Committee on Transportation & Utilities

SUBJECT: Senate Bill 486

Mr. Chairman and Members of the Committee:

My name is Dan Carlson. I am President of the Kansas Independent Automobile Dealers Association representing 332 Used Car Dealers in the State of Kansas. Today I am here to address the concerns we have for Senate Bill 486, the Broker Bill. We appear in favor of this bill.

Brokering is a definite threat to the licensed used car dealer in the State of Kansas. The concern that we have is that licensed used car dealers must meet a number of requirements. They must have a used car dealer's license and be bonded. The dealer must have a place of business that meets state requirements and have proper insurance. Finally, a dealer must collect and pay local and state taxes that are vital to our economy. The used car dealer's involvement in the local community is a long term one.

On the other hand, a broker can with little investment-- just an agreement to acquire vehicles to offer for sale-- make no long term investment and make unfair competition. A number of the vehicles that a broker sells are out of state or outside of the area vehicles, which completely destroys the local market place. The low profit margin on sales of brokered vehicles eliminates many jobs such as the commissioned salesperson.

Therefore, the Kansas Independent Automobile Dealers Association feels that the passage of this bill would clear up some of the problems in the industry. Thank you for the opportunity to speak to you today.

ATT. 3
T&U
1-25-90

Individually we struggle to be heard—Collectively we cannot be ignored.

Statement Before The
SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES
By The
KANSAS MOTOR CAR DEALERS ASSOCIATION
Thursday January 25, 1990

Re: SB 486, Motor Vehicle Brokering

Good Morning and thank you Mr. Chairman and members of the committee. I am Kevin Allen, Executive Vice President of the Kansas Motor Car Dealers Association, a 330 member trade organization representing Kansas franchised new car and truck dealers.

Present Kansas law provides for brokering of automobiles and other vehicles. By definition [pg 2, (b) lines 8 -15], though it appears (and we have always been of the opinion) that new vehicle brokering is unlawful without a franchise. This ambiguity has prevented enforcement of the law which is what needs to be cleared up. SB 486 would solve the problem by deleting automobile brokering from present law such that it can no longer take place.

This refinement that clarifys the law is necessary because the use of brokering has developed in form to the point where the original purposes for licensing those engaged in the auto industry, and auto retailing, has now progressed to the point where our licensing law is quickly becoming obsolete, or an obstacle to enforcement such that the goals of licensing are not accomplished.

What are these goals? They include the delivery of a safe and reliable product and the preservation of a system which can locally address problems which arise when the product is not so good.

This includes warranty service availability, the marketing outlet itself, manufacturer trained personnel, and local responsibility for the product. It is not only the Consumer Protection Act which governs this action, but is also the dealer licensing scheme. It provides a mechanism for investigating such things as fraudulent practice, negligent acts, verifiable places of business, and general rules to govern the fair operation of the marketing system. It also provides a mechanism to stop these practices before they start.

ATT. 4
T&U
1-25-90

How does the presence of brokering create the likelihood of losing control of auto marketing, if not the marketing system as we know it? The Kansas broker can deliver the automobiles of an out of state dealer, new or used, at little or no overhead cost to himself.

This is money that leaves our borders to support a lucrative business elsewhere. In sufficient quantity, such sales deprive the local businessman of the sale because that businessman - paying taxes, insurance, employees, meeting state regulations, and all the other things an established retailer needs - simply cannot compete with the volume price that no or low overhead brokers, or mass marketers can provide.

I have also included with my written testimony some examples of "brokering" for your review. I believe you can see for yourself the problem this practice creates for our marketing system.

The Kansas Motor Car Dealers Association feels strongly that SB 486 is important to maintain the automobile distribution system as we know it. New motor vehicle dealers are getting fewer and for between. Four years ago, there were 433 new car and truck dealers licensed in Kansas, now there is 373. There are 13 counties in Kansas that have no new car dealers; 14 counties with just one new car dealer; and 25 with just two. That means almost 50% of Kansas counties have 2 or less new car dealers. The Kansas consumer will be the one who pays the price as these numbers get lower.

We respectfully request that you give this matter your strongest consideration and that when you take action, you recommend SB 486 favorable for passage.

With me here today is Ed Whitney, a new car dealer from Norton, Kansas who would like to make a few comments. But before I turn it over to Ed, I would be happy to stand for any questions.



P.O. Box 1016
Trumbull, CT 06611-1016

Dear New Sears Auto Discount Service Member:

Welcome to Sears Auto Discount Service — your total car ownership savings program. As a Sears Auto Discount Service member, you now have access to exclusive Sears Auto Discount Service maintenance, and new and used car deals. But you have to use your membership to take advantage of all these great savings. It's easy — here's how:

Sears Auto Discount Service helps protect you from skyrocketing auto maintenance prices.

Sears Auto Discount Service is doing something to help you control maintenance costs. As a member, you'll receive 10% discounts on all parts and labor performed on your car at the 1,100 New Car Dealers participating nationwide in the Sears Auto Discount Service. (With labor costs alone averaging \$35 an hour*, you can see how quickly your savings can add up.)

Just call 1-800-999-7545 for the participating New-Car Dealership nearest you and present your membership card when you bring your car in for repairs. That's it! You'll receive a 10% discount on the cost of the service being done, because you are a valued Sears Auto Discount Service member!

CASH BONUSES on preventive maintenance services.

Enclosed you'll find Cash Bonus Certificates good for rebates on selected services at any garage or dealer in your area. For instance, we'll send you a 10% rebate on your next oil change, a \$20 rebate on a set of tires, and up to \$25 back on your next brake servicing at any dealer, mechanic or garage you choose! These bonuses are in addition to the 10% discount you'll receive when you use one of our participating dealerships. Just follow the directions on the back of each certificate and we'll mail your bonus within a few weeks.

If you prefer, take your car to any of over 750 Sears Automotive Centers nationwide for these routine maintenance services and we'll increase the amount of your discount by an additional 5%.*

Our Sears Auto Discount Service specialists are negotiating for more money-saving deals like these, and we'll be sending you additional cash-bonus opportunities on a periodic basis. Watch your mail and take advantage of these great savings.

Isn't it time you bought that new car you've been wanting?

Maybe price got in the way. Or confusion over which new car to buy. Perhaps it was just the fear of walking into the showroom without the facts you need to make a smart decision.

Sears Auto Discount Service eliminates all these obstacles, quickly and easily. And all it takes is a single toll-free phone call to 1-800-999-7545. Give us your membership number and the make and model of the new car you're interested in. We'll take care of the rest, providing you with a comprehensive multi-page New Auto Summary on the vehicle you are interested in, including:

(over, please)

4-3

Examples of:

- discount prices
- complete specifications
- performance data
- comparable models
- estimated yearly operating expenses
- EPA fuel economy
- body styles
- standardized equipment
- available options
- and more

Included in your Summary will be examples of Sears Auto Discount Service prices (off the window-sticker price) for the automobile and options, showing you how much your savings will be (up to thousands of dollars, in many instances).

No more haggling. Sears Auto Discount Service has already located low, discount prices for you.

If you're interested in buying the car for which you've requested information — or already know the car you'd like to buy — call 1-800-999-7545 for the name of the participating Sears Auto Discount Service dealer nearest you and we will arrange a fast, convenient purchase. The dealer will either have a car that matches your description, or can order one for you — direct from the factory with exactly the options you desire, and full warranties in force. You will pay the low Sears Auto Discount Service price for the car, plus you will keep any manufacturers' rebates being offered.

How to strike the best deals when buying or selling a used car.

It starts with a toll-free phone call to 1-800-999-7545. Give us the make and model of the used car you're interested in buying or selling, along with some important information like year, make, model, mileage, and options.

Your Sears Auto Discount Service telephone consultant will provide you with current market prices for the automobile, based on our nationwide database which tracks thousands of used car sales annually. Then we'll follow up in writing (the next business day), so you have a stronger bargaining position with your buyer or seller.

Enjoy your new kit — and your new Sears Auto Discount Service membership.

Take a few minutes now to review the enclosed materials. If you have questions about any of the services or your membership in general, call us at 1-800-999-1668. We'll be happy to assist you. For your convenience, we will continue to provide the money-saving Sears Auto Discount Service benefits to you by automatically renewing your annual membership upon expiration. Members will be notified prior to each renewal and given the opportunity to cancel for a full refund at the current annual fee. Of course, as always, Satisfaction Guaranteed or Your Money Back. If you are ever dissatisfied with Sears Auto Discount Service, for any reason, just contact us in writing or call, toll-free, 1-800-999-1668.

Welcome to Sears Auto Discount Service. We're looking forward to serving you.

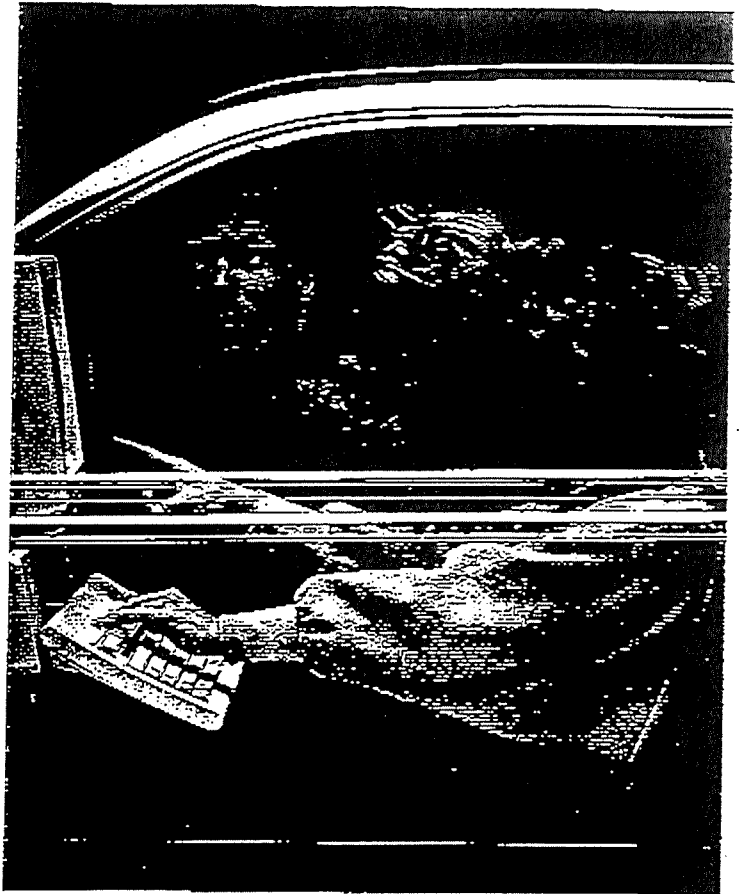
Sincerely,



S.F. Singleton
Sears Auto Discount Service

* Source: The Car Book 1988
** Does not include new tire purchases.

NEW CAR BUYER'S PACKAGE



**Mid American
Credit Union**

West Wichita Office
8404 West Kellogg
Wichita, Kansas 67209
(316) 722-3921

Challenger K.C. Office
720 Simpson
Kansas City, Kansas 66101
(913) 281-0226

East Wichita Office
1717 South Rock Road
Wichita, Kansas 67207
(316) 688-0593



**Mid American
Credit Union**

913-233-1462

Getting a good deal on your new car should have always been this easy!

Your credit union has an easier, lower cost way for you to purchase your next new car. It's called the New Car Buyer's Package, and you can use it to arrange your entire purchase (to avoid all the negotiating,) or use any combination of these services that will help you save money:

1. Computerized New Car Pricing.
2. New Car Purchase Service.
3. Used Car Trade-In Service.
4. New Car Financing.
5. Pre-Approved New Car Loans.

Computerized New Car Pricing

With this service, factory dealer invoice information is available to you on any American made automobile or light truck. The credit union has a P.C. (personal computer) available, programmed to provide you with factory dealer invoice information and the suggested retail price on any vehicle you select.

To get the most from this computerized pricing service, shop around first. Once you have chosen the vehicle and the options you want, contact the credit union for a computer print out. (A \$10.00 deposit, which will be refunded when you obtain our financing, is required for using this service.)

Knowing the invoice price should make it easier for you to negotiate a good deal. Better yet, avoid the negotiating at the dealership with our New Car Purchase Service.

New Car Purchase Service

(\$100 over factory invoice)

You can order your new car at \$100 over factory invoice through our New Car Purchase Service. This price applies to all new Ford, GM, and Chrysler cars, light trucks and vans built in the U.S.A. No models are excluded. Sales tax, State Document Stamp Fee and 30 day permit is not included in this price.

With this service, you choose the exact car you desire. You only pay for the options you want. You get an excellent price on your vehicle, you benefit from all rebates and free options offered by the factory, and you don't have to do any negotiating.

New Car Financing

Your credit union offers competitive, easy to understand, "no strings attached" new car financing. Whether you are looking for the lowest interest rate, the smallest monthly payment, or no money down financing, chances are, your credit union has the best deal available.

When you use our financing with our New Car Purchase Service, you benefit from our excellent purchase price, you get all the factory rebates available, you receive competitive financing, and you don't have to do any negotiating.

Pre-Approved New Car Loans

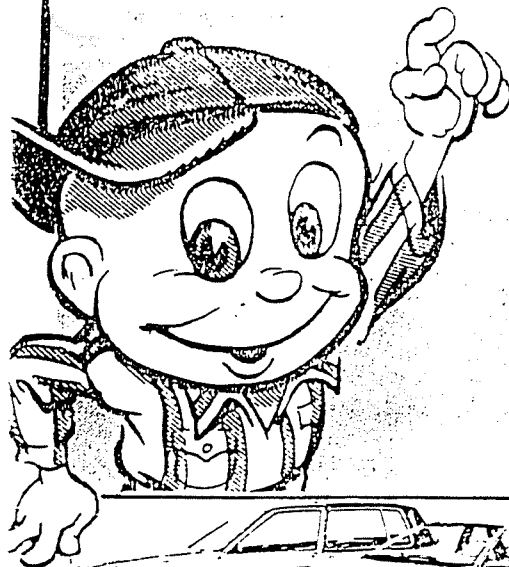
A pre-approved new car loan can help you shop for your new car with confidence, knowing that financing that fits within your budget has already been arranged. Pre-approved new car financing is available through the credit union at no obligation to you. Contact us for a quick, new car loan pre-approval.

Used Car Trade-In Service

An important part of getting a good deal on a new car is receiving the maximum amount for your trade-in. The credit union can help you do that. We will arrange for independent appraisers to bid on your vehicle. This gives you the option of selling your vehicle yourself, or selling it to the highest bidder when your new car arrives.

It's Easy To Use The New Car Buyer's Package Services

Whether you use these services as a package, or individually, to suit your own needs, getting a good deal on your next new car will be easy with our New Car Buyers Package. To use these services, just contact the credit union for more details.



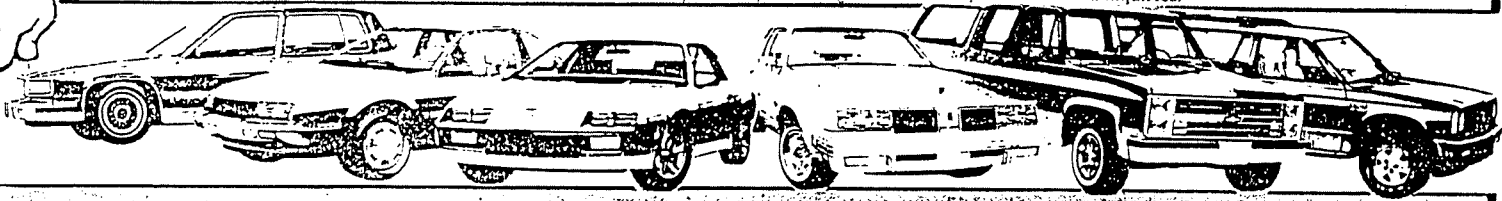
ATTENTION SAM'S MEMBERS!

Any New Chevrolet, Cadillac, Oldsmobile, Jeep, Eagle

\$100 Over Dealer Invoice on Factory Orders!

Price out of stock depending on availability.

Must be a current Sam's Wholesale Club (or Wallon Wholesale Club) member and present membership card in person or give membership number for all inquiries.



ON THE SPOT FINANCING and DELIVERY AVAILABLE.

FRIENDLY CHEVROLET



EDDINS

SPECIAL FINANCING FOR THE FIRST TIME BUYERS & COLLEGE GRADUATES

CHEVROLET - CADILLAC - OLDSMOBILE - JEEP - EAGLE

Sales Hotline: 1-214-526-8811 Ask for our Sam's Representative

The Heartbeat of Texas - Friendly Chevrolet

When Roy Eddins bought Friendly Chevrolet back in 1969, he knew it was going to be a success; after all, all it was going to take was dedication, long hours, hard work and a commitment to excellence. Luckily, Roy put all of that and more into the Dallas Chevrolet dealership, and the tradition continues today with his son, Mark Eddins, now President of Friendly Chevrolet. But is it really friendly? "Our whole concept, even before we took over Friendly, was a concept of friendliness," Roy affirms. "Mark and I demand a very personal and friendly atmosphere throughout the whole place of business."

Friendly's corporate statement sets an objective to have fun while achieving goals, a somewhat unusual policy for a large corporation. "That's a basic founding premise of the Eddins' philosophy of business and life," explains Mark Eddins. "Fun is the way to tell if you like what you're doing. I tell our people, 'If you don't feel good about coming to work, if you're not enthusiastic, we both have a problem.'"

"Our goal here at Friendly", explains Roy Eddins, "was to be the best, not necessarily the biggest." But even though that may not have been the intention, Friendly Chevrolet is not only the best, but the biggest too. As a matter of fact, over the past 30 years, Friendly Chevrolet has sold more cars and trucks than any other Texas dealer. Friendly has just been named the #1 retail truck dealer in the United States, according to the Chevrolet Motor Division. In fact, Friendly's truck business has grown so much that they have opened a separate showroom for your truck shopping convenience, staffed by truck specialists, who can assist each customer in finding the perfect truck for their needs. With the popularity of custom vans and trucks on the rise, Friendly has built the largest van conversion center in America offering the latest in custom vans and trucks, and Suburbans. "It's just another way to offer our customers the very best in quality, price and selection."

explains Eddins. Selection is not just limited to automobiles, however Friendly Chevrolet has the largest GM parts department in the southwestern United States. "Our service and parts department is legendary in itself," says Eddins. "It's really something to be proud of."

Mark Eddins, spokesman for his family's company, is proud of Friendly's reputation of excellence. "Our customer satisfaction program gives me the most pride," explains Eddins. "It's a fully autonomous in-house function that pools all departments on how customers perceive us." Even though Friendly is considered a "Big" dealership, customers can expect the same concern a smaller dealer can give. "Bigger dealers should delegate more attention to customers, but it depends on the dealer's philosophy. We don't believe in the more hard-sell techniques. That's a rarity, especially with dealer conglomerates. But if you can't do it right, you won't get any bigger."

Getting bigger is, indeed, what the Eddins dealerships are doing. They developed the North Texas Autoplex in 1986 right outside of Denton, offering seven franchises located at one location, including Mazda, Volkswagen, Cadillac, Jeep and Eagle. The autoplex concept is considered the future trend in the automobile industry. "All of the industry is moving towards fewer and bigger mega-dealers. It creates a much better economy of scale. When we bring costs down, we can pass that on to customers."

Satisfied customers are the foundation of Friendly Chevrolet's business. "We know the only way to stay as large as we are and to have earned the reputation we have, and we feel it's a good one, is to satisfy customers and always be available. It has been said that we're a legend in our own town," says Mark Eddins, "and we're building that legend, one happy customer at a time."



MARK EDDINS
President

KANSAS MANUFACTURED HOUSING ASSOCIATION

TESTIMONY BEFORE THE
SENATE COMMITTEE
ON
TRANSPORTATION AND UTILITIES

TO: Senator Bill Morris, Chairman
and Members of the Committee

FROM: Terry Humphrey, Executive Director
Kansas Manufactured Housing Association

DATE: January 25, 1990

Mr. Chairman and members of the committee I am Terry Humphrey Executive Director of the Kansas Manufactured Housing Association and I appreciate the opportunity to comment on Senate Bill 486. Today I am representing the interests of our newest members, the Recreational Vehicle (R.V.) Dealers. After reviewing Senate Bill 486 we realized that the bill would not only eliminate motor vehicle brokering but would unintentionally eliminate recreational vehicle brokering. Consequently I spoke to representatives of the motor vehicle associations and asked if they would object to our amending Senate Bill 486 to provide for the continuation of R.V. brokering and they agreed. Therefore, attached to my testimony is our suggested amendment to SB 486 and I respectfully request that the Committee adopt this amendment.

Today I have asked Don Christman an R.V. dealer to explain to you why brokering is an important aspect of the R.V. business. Thank you for your attention to this matter.

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Amendment to Senate Bill 486

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(V) On and after the effective date of this act, no person shall act as a broker in the advertising, buying or selling of any new or used motor vehicle. Nothing herein shall be construed to prohibit a person duly licensed under the requirements of this act from acting as a broker in buying or selling a recreational vehicle as defined by K.S.A. 75-1212 (f), and amendments hereto, or a mobile home.

KANSAS MANUFACTURED HOUSING ASSOCIATION

TESTIMONY BEFORE THE
SENATE COMMITTEE
ON
TRANSPORTATION AND UTILITIES

TO: Senator Bill Morris, Chairman
and Members of the Committee

FROM: Donald Christman, President
Wilcox Home and R.V. Center, Inc.

DATE: January 25, 1990

I appreciate the opportunity to appear this morning and testify in favor of exempting recreational vehicle (R.V.) dealers from the provisions of Senate Bill 486.

My name is Don Christman. I have personally been involved in the R.V. business since 1967. My company, Wilcox Homes and R.V. Center, Inc., has sold and serviced R.V.'s since 1957. We are located on Highway 24 in Topeka.

The typical R.V. consumer is 50 years old or older, is probably married and traveling with a spouse. Most of our customers enjoy the R.V. life-style until one of several events occur: death of a spouse, debilitating health problem such as stroke or heart attack, or they need to cease traveling out of financial considerations. In any case, when a decision to sell an R.V. is reached only two viable choices exist to sell a unit since no secondary market exists: a) request help from their R.V. dealer b) sell themselves. In the case of health problems or death the sale is an emotional one that the survivor typically tries to avoid. Many times the skills are not present to effectively market the unit or the owner simply is fearful of dealing with strangers. For whatever reason the R.V. dealer is asked to provide an important service and has been able to do so without incurring the problems that apparently have prompted the action to eliminate brokerage in the auto industry.

By exempting the R.V. dealer from the provisions of Senate Bill 486 the R.V. dealer will be able to continue to provide

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brokerage service to our consumers and continue to serve the buyer as well, with proper title documents, properly valued product, and in most cases a unit that is in better, safer operating condition than would be possible if purchased direct from an individual.

I respectfully request that R.V. dealers be allowed to continue brokerage of recreational vehicles.