

# Are Plaid Jackets Finally Going Out of Style?

BY TIM ROWLAND

**E**arly in the last century, the world boasted literally thousands of automobile manufacturers. True, many of them were populated by glorified bicycle mechanics, and many died a quick death after producing no more than one or two cars.

Their problems were self-evident. First, inventors are notoriously poor at business. Second, once the makeshift manufacturers had produced a car or two, they had a hard time of getting it to the buying public. And third, they would typically blow their life savings on building that first car, and from a financing angle they had no place left to go.

And so the automotive dealership in all its plaid-jacketed splendor was born.

Independent dealerships solved all three of the automakers' problems. Further, they stocked parts and did repairs and lent an element of trust for buyers who weren't entirely sure that this horseless carriage fad would last. Automobiles were delivered from the factory in pieces by rail car and the dealer performed the final assembly before aggressively peddling the contraptions to a suspicious public.

By 1917, the previously un-united salesmen had formed the National Automobile Dealers Association, a group that is still going strong nearly a century later. The NADA speaks for dealer interests, but also provides useful information to consumers, like tracking new and used car prices, available incentives, and car reviews.

And, as associations are wont to do, the NADA now sees trouble brewing.

That trouble comes in the form of little Tesla Motors, which markets slick

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all-electric cars but sells them factory-direct instead of through independent car dealerships. Tesla says its business model simply cuts out the middleman. The NADA says it's tantamount to an attack on America itself.

And when Americans—at least, those Americans who are represented by well-paid lobbyists—are under attack, they do



the natural thing: petition the government to protect their business model no matter how antiquated it might be. This comes after the NADA and the dealers failed to win the courts over to their cause—judges in New York and Massachusetts saw no reason why Tesla couldn't sell its cars in any manner it chooses.

The car dealers figure that if the current law isn't on their side, then they can have the law changed or find a sympathetic regulator. In several states, dealers are finding an ear with lawmakers and bureaucrats who apparently believe in the right of the citizenry to get hosed at the dealership of their choice.

And we'll likely keep doing that because it's in our comfort zone.

The technology exists to replace both

car dealers and baseball umpires, yet we stick with what we know because we have a somewhat sadistic, codependent need to remain loyal to tradition, no matter how inefficient it might be. As the owner of a new Ford, I'm as guilty as the next person. I could have gone online or even purchased the car at Costco, the same store where I buy soup by the case. I would have saved money, I'm sure. But aside from wanting to help our local economy (call me a sap if you must), I just couldn't make that break from tradition. At a dealer you don't just buy a car, you buy a relationship, one formed in the curious manner of arguing over the price.

Tesla, by contrast, is haggle-free. Its product is no different from an air conditioner—it costs what it costs.

And it might portend a new era where the car store is in the mall right between the pretzel shack and Victoria's Secret. There might be one car out back if you really want to drive it first, but other than that it's just a matter of picking out fabrics, colors, and options, all of which will be neatly displayed behind a 20-foot storefront.

The NADA apparently sees this car-purchasing paradigm as the death knell for the independent car dealer, and it's probably right. That is, unless legislatures

can be talked into legally locking in the independent dealers' right to exist.

This defense is old as the hills and has been practiced by most every profession, from railroad firemen to funeral-home directors. Sometimes it works, for a while. But there will always be that state next door that allows consumers to purchase as they please, and it will draw customers and their tax dollars away from states that lock in the status quo.

To a lawmaker, tax revenue is the only thing that talks louder than lobbyists, and that fact will eventually cause them to do the right thing. If enough consumers prefer independent dealers, they will survive. If not, the day will come when we'll have to visit a museum should we get a hankering to see a plaid jacket. **R**

