

**Prepared Remarks of
NADA Chairman Wes Lutz
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Thank you, Dave. And thank you to the Automotive Press Association for having me.

Good afternoon, everyone. It's a pleasure to be here. As Dave said, I have been traveling quite a bit. It's always good to be home, even just for a night or two.

I have a simple and straightforward ask of you who are in the audience: I don't want you to believe a word I say.

Ok let me re-phrase that slightly: I don't want you to automatically assume that everything I say is true just because I said it, or because it sounds true.

I want you to demand proof.

We haven't been doing enough of that lately. Particularly as it relates to what is very broadly defined as "the future of mobility." Or "the future of personal vehicle ownership" in the U.S.

The past few years have been amazing for the global auto industry.

Electric vehicles are shedding more and more of their early limitations every model year. Billions are being invested, in not just autonomous, but in self-driving vehicles. And anyone with a smartphone can quickly and easily hail a ride to work, the airport, or home from the bar before even stepping onto the curb.

These are incredibly exciting developments, brought about by innovative, brilliant and visionary individuals. And they are without question shaking up the industry. But many of those individuals and entities are also, for lack of a better phrase, sort of having their way with the press right now.

Let me be clear: This isn't a press-bashing speech. I love the press, and I particularly love the automotive press. Those of you who know me, know that I have always enjoyed sharing my insights with you, and vice versa.

But, right now, I don't think you're asking enough critical questions of our more "disruptive" industry partners.

You're not challenging enough assertions. You're not asking for enough proof to back up the hype. And you're missing a lot of the non-sexy things that will truly define to what will happen with the future of personal transportation in this country.

As a result, the automotive press is not defining the narrative. You're letting the narrative be defined for you – by the companies that have the biggest financial stake in the outcome.

I think we can do better. We need to do better. Because what are the narratives right now?

One: People are no longer going to be buying cars and trucks for themselves. Two: We need autonomous vehicles to eliminate traffic fatalities. And three: Dealers will have to be dragged kicking and screaming into the electric revolution.

Each one of these narratives might sound right. But the truth is that each one is built on false or unproven pretenses. And these narratives are put out there by stakeholders that have an obvious incentive for them to be true – even if they aren't.

Today, I'm going to challenge each of them. And I'm hoping to help even out the conversation. At the very least, I'm hoping to arm you with a greater amount of healthy skepticism than you already have running through your veins as reporters.

Let me dive in with what I think is the biggest one.

A month and a half ago, the AAA Foundation for Traffic Safety released a study that caused me to stop dead in my tracks. It found that the [cost of relying on ride-hailing services as a primary mode of transportation](#) in 20 of the biggest metro areas in the U.S. was, at minimum, **more than twice as much** as the cost of owning a personal vehicle.

And that's based on the cost to own and operate a new, mid-sized sedan. That certainly doesn't sound like the spin we hear from Silicon Valley, or Mobility think tanks, or Wall Street.

But after looking at a quarter of a million economy-level, single-rider, ride-hailing trips in 20 U.S. urban areas, AAA found that the average cost of relying on these services as a primary mode of transportation was \$20,118.

In comparison, the average annual cost to own and operate a new vehicle in these same urban areas was \$10,049. That includes fuel, maintenance, repairs, insurance, licensing/registration/taxes, depreciation and loan interest, over an average of 10,841 miles a year.

And by the way, that figure of \$10,049 also includes costs for parking. If you subtract annual parking charges – for those who don't need to pay for daily or monthly parking – the annual cost of personal vehicle ownership is \$7,321.

Which means that if you don't have to pay for parking annually, relying exclusively on ride-hailing services is **nearly three times more expensive** than owning a new vehicle.

According to this study, the cheapest city for using Uber and Lyft exclusively was Dallas, where it costs \$16,944 to rely solely on Uber and Lyft. Dallas was the only city under \$17,000 annually. In fact, in half of the 20 cities, the annual cost was over \$20,000. And in two, it was over \$25,000.

Here are some more examples: Washington, D.C.: \$21,093; New York: \$21,279; San Francisco: \$21,951; Chicago: \$22,020; Seattle: \$23,951; Nashville: \$26,397; Boston: \$27,545.

I have to tell you, I think this was one of the biggest auto industry stories of 2018, and it received only a smattering of coverage. This should have been front page news in Detroit, on Wall Street and in Silicon Valley.

Why? Because it disproves one of the central pillars holding up the argument that people are going to stop buying cars, which is that it's cheaper to use ride-hailing services.

Now I know they're saying that we're going to have autonomous taxis, and I'm sure that will eventually happen, although no one knows when. But this study shows exactly the opposite of what we are being force fed. It shows that ride-hailing is substantially more expensive than personal ownership, even of a new car.

And, if Uber and Lyft are dramatically more expensive than personal vehicle ownership, then people aren't going to stop buying cars, and the auto industry isn't doomed.

Instead, people are going to continue doing exactly what they're doing now: Owning a car or truck for day-in and day-out personal transportation, and using ride-hailing services when it makes more sense than driving.

That's not a revolution. That's an evolution.

I should point out that AAA's study has not been refuted. Lyft said the study was flawed because it didn't take into account shared trips. But that's not ride-hailing; that's carpooling. Just with a fancier app.

I want to be clear: I'm not asking you to take sides in the ride-hailing versus personal ownership debate. But I do have an ask, and this is it:

The next time you hear, either from one of these transportation network companies or anyone else, that these services “provide you with your transportation freedom at a cost much lower than car ownership,” (and that is a direct quote from [Lyft’s CEO to The Wall Street Journal](#), by the way), one, ask them to prove their cost-saving estimates; and two, make sure you have a very clear understanding of what they mean by “transportation freedom.”

Because I know how my customers define “transportation freedom.” They define it by having the ability, at any moment, to go where they want, when then want.

They want the ability to make multiple stops on an errand run, take an impromptu trip to another city or state, drive unexpectedly to the emergency room, or leave an event early or later than planned. They don’t want to add wait times into these equations. And in many instances, they just can’t afford to.

In short, people want the freedom, flexibility, convenience and control that only owning their own car or truck can provide. It’s the same reason the whole country didn’t wake up today and just take a taxi to wherever they were headed. And it’s the same reason they aren’t going to do it tomorrow, or the next day.

The next narrative that I’d like to challenge – or I should say, that I’d like you to challenge – is that self-driving vehicles are immeasurably safer than humans, so much so that it’s only through the deployment of self-driving vehicles will we see the annual number of highway deaths fall to zero.

There are two problems here.

The first, stated simply, is that self-driving vehicles are theoretically safer. But we don’t know if they are actually safer. And we don’t know because there just isn’t anywhere near enough data to prove it one way or another.

I understand we are a long way off from knowing the answer, but the anecdotal evidence we have to date isn’t all that spectacular. And I will tell you, I think we have reached peak absurdity on this topic.

In August, [Bloomberg reported](#) that a number of self-driving proponents were encouraging the industry and government to rally around initiatives to re-train humans – for how to cross the street.

Bloomberg quoted a machine learning expert who runs a venture fund that invests in AI-enabled companies, including the self-driving startup Drive.AI. He said that “the problem isn’t that self-driving cars don’t work, it’s that people act unpredictably.”

In other words, we're crossing the street wrong.

To quote the *Bloomberg* story – which was great, by the way – “Driverless proponents... say there's one surefire shortcut to getting self-driving cars on the streets sooner: persuade pedestrians to behave less erratically. If they use crosswalks, where there are contextual clues - pavement markings and stop lights -- the software is more likely to identify them.”

You know, after reading that, I can't help but ask this question: If the safety promise of self-driving vehicles is dependent upon reprogramming the behavior of human pedestrians, why don't we just reprogram another group of humans right now? Human drivers.

And reprogram them to always wear seat belts, not speed, not drive drunk, not text, or fiddle with the radio, or reach behind the seat to pick up the Cheerios that their kid just threw. Wouldn't we save just as many lives that way? And wouldn't it save a lot of time and money in the process?

All that aside, I will say that, on the surface, the notion that self-driving vehicles will ultimately be safer than vehicles today certainly feels true. But that argument is built on the premise that humans are lousy drivers. But are they? Are humans bad drivers?

If you listen to some voices out there, they must be. 37,000 people died in automobile accidents last year, and 94% of those fatal accidents were the result of human error. Humans must be terrible drivers.

I want to be crystal clear: Every single one of those deaths is tragic. I am not minimizing them at all. But if we're going to be truthful, that 37,000 figure has to be viewed in the correct context to have real meaning.

Yes, there were 37,000 fatalities on the roads last year. But Americans drove more than 3.2 trillion miles. Does anyone want to do the math? Of course not. You went into journalism to avoid math. I don't blame you.

But any guesses? How many vehicle miles are driven in the U.S. for every motor vehicle death? 500,000? 1 million? 10 million?

[Nearly 90 million miles.](#)

Let's look at it another way. How many hours of driving are there between traffic fatalities? It's actually a trick question, because it's not measured in hours, it's measured in years: 342. **342 years of driving** – 24 hours a day, 7 days a week, 52 weeks a year – between traffic deaths.

Do you know what was happening 342 years ago? It was 1676. Bacon's Rebellion was the big news, and we were 100 years from declaring ourselves an independent nation.

So the conventional wisdom that has taken hold is that humans aren't good drivers. But the reality is that humans are phenomenally good drivers.

And you know what else? They are getting better. There are technologies being put on vehicles today that are well short of autonomous – like automatic breaking and lane centering – that will make humans even better drivers than they already are.

And these are things that won't require the vast amounts of time, resources, and trial and error that it will take to fully eliminate humans from the driving equation.

Here are the questions you should be asking automakers, regulators, and safety advocates right now: What technologies are coming online in the next five years that will reduce driving fatalities, and that don't involve removing steering wheels, and brake pedals, and humans?

In the discussion over autonomous vehicles, those answers should matter, don't you think?

So my challenge to you here is the same: When you hear assertions, ask for proof. And don't be afraid to ask the billion dollar question: Is it possible that the person making this bold assertion has a financial stake in having it regarded as true in the short term?

Because here's the ugly truth: If the people in this room don't ask these questions, it's possible that nobody will.

Finally, I want to turn to electric vehicles.

For years I've regularly heard that one of the principal reasons EVs aren't selling in greater numbers – aside from the fact that they're more expensive, don't have nearly the same resale value, you can't refuel them as easily, you can't refuel them as quickly, an EV you buy today might be obsolete in a year, and gas is pretty darn cheap right now – is that, as a dealer, I just don't want to sell them.

First, let me make it abundantly clear: This is goofy. I want to sell anything my customers want to buy. Period. It could be powered by turtles. I don't care. If there's demand for it, I want it in my showroom. In fact, there is nothing I would want to do more than sell every American a new electric vehicle.

But for those in the room enticed by the argument that it's not in my financial interest to sell EVs, let me challenge the central premise of that argument, which is that I won't be able to service them.

After all, the story goes, the drivetrains are mechanically simple, have far fewer moving parts and fewer parts to replace, they have no transmissions, and they don't need oil changes.

I'll take these one at a time.

First off, I don't make money on oil changes. And these days, vehicles are going 7,500 miles between oil changes anyway. Try to make money selling \$30 oil changes that cost \$40 in goods, labor and overhead. Unfortunately, you can't make that up in volume.

Second, insofar as it is meaningful to my bottom line, I haven't made my living on engine or transmission work on vehicles I've sold new in more than a decade, and neither has any other franchised dealer.

You know where I make my service revenue? Tires. Brakes. Suspensions. Alignments. Electrical systems. And the last time I checked, you know what EVs have? Tires. Brakes. Suspensions. Steering systems. And electrical systems.

In fact, there's a theory that, as EVs start spending some years as part of the regular fleet in measurable numbers – and in particular as primary vehicles that get driven every day – they are going to need tires and brakes and suspension work and alignments at greater intervals than ICE vehicles – because they are heavier, and can accelerate a whole lot faster, than similar vehicles with conventional engines and drivetrains.

But again, that is only one theory at this point. Because of the data problem. There isn't enough of it. Do you know what else is just a theory because of the data problem? The notion that EVs don't require as much drivetrain or other maintenance as ICE vehicles.

NADA is not aware of a single study or data set out there that can substantiate, even partially, this theory. And that's because there just aren't enough real-world EV miles out there to study, let alone draw any meaningful conclusions from.

Again, it sort of sounds true. And it's super interesting. But that's not good enough. Or at least it shouldn't be.

So the next time you hear, or are told, that dealers don't want to sell EVs because they are going to lose service revenue, I want you to respond: "How do you know that? Show me what you're looking at that proves that?" Because I want to know as much as anyone.

So where does this leave us? Well, I'm afraid, as I said earlier, we've got some work to do.

Fortunately, this is what you do. Industry guys like me get up and say "X," and you say: "Oh really? Prove it." All I'm asking is for you to do more of that.

Look, you in this room have done some great work. I brought a bag of criticism up on stage today, but the men and women of the automotive press deserve a ton of credit for getting much more right than they get wrong.

I remember a few years ago, folks were saying dealers didn't want to sell EVs because, well, I guess we just didn't like them very much? I think you've seen the light on that one.

And even as recently as last year, ride-hailing companies and self-driving companies were talking about reducing traffic and congestion as much as they were talking about reducing cost and enhancing safety. It took some work, but you saw those claims don't hold up under examination.

News outlets from *NPR* to the *Detroit Free Press* have done some great reporting recently on a number of very credible studies showing that transportation network companies like Uber and Lyft are already adding billions of miles of driving and contributing to congestion.

There was a good amount of [national and regional coverage](#) of a July report by former deputy transportation commissioner for New York City Bruce Schaller, who found that transportation network companies have added 5.7 billion miles of driving in the nation's nine largest metro areas.

Most critically to the traffic debate, Schaller found that Uber and Lyft private rides put 2.8 new vehicle miles on the road for each mile of personal driving they removed. He even found that shared rides put 2.6 new miles on the road for every mile of personal driving removed.

This is because the majority of people aren't taking Uber and Lyft instead of driving themselves; they're taking Uber and Lyft instead of using public transportation, biking or walking.

I know I've leaned on you pretty hard today. I do that because I care. I care deeply about our industry. I care deeply about my customers and their needs. I care deeply about our manufacturer and supplier partners. And I care deeply about safety, and the environment, and better cities, and a broader array of affordable personal transportation choices.

Look, I get it. We are not only living in exciting times, but also in an era that rewards bold predictions more than gritty reality, especially when reality isn't that exciting. But I don't think it's a bridge too far to expect reporting on our industry to always be rooted in the reality and facts as we know them today – not the spin that gets Wall Street all jazzed up.

And there's no shortage of spin. You can't go to an automotive or a tech conference these days without hearing about the end of personal vehicle ownership.

But I'm asking you: Question the hype, ask for proof, and find out what they're not telling you.

The future will work itself out regardless. I just want us to be informed in the meantime.

Thank you very for much for your time and attention – and for indulging my mini-rant – and I'll be happy to take whatever questions you may have.

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