



## Glossary of Automotive Terms

The Radio Advertising Bureau has created this glossary of commonly used Automotive industry terms from a variety of sources, including conversations with dealers. The purpose is to acquaint Radio salespeople with dealers' vocabulary so we can better communicate with local Radio's largest ad category. Radio language, such as Average Quarter Hour, rankers, Cume and TSL are not nearly as important to dealers as their own terms.

You may use these terms as a reference, but better yet, get familiar with them so you are able to use them within your Client Needs Analysis (CNA) questions and conversations with dealers. You will improve your relationships and develop more of a rapport with auto dealers, and subsequently close more business.

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# GLOSSARY OF AUTOMOTIVE TERMS

## **Absorption Rate**

The percentage of a dealership's fixed costs that are covered by service and parts revenue.

## **Adaptive Cruise Control (ACC)**

The ACC system scans the area ahead of a car for objects -- mainly other cars -- and applies the brakes automatically if a collision is likely to occur.

## **Add-Ons**

Products or services added by dealerships. Common examples are pinstriping, rustproofing, alarm systems, electronic equipment, and extended warranties. Add-ons can really drive up the sticker price of a vehicle, but their actual cost is usually negotiable.

## **Adjusted Capitalized Cost**

The difference between the gross capitalized cost and the capitalized cost reduction. This is the amount used to calculate a lease payment.

## **Advanced Vehicle Control Systems (AVCS)**

Vehicle systems that automate current functions such as distance-keeping, lane-changing, and ramp-merging.

## **Advertising Fee**

An amount charged the buyer to cover the cost of national and local advertising. Many experts suggest that this fee should be no more than 1.5 percent of the manufacturer's suggested retail price (MSRP).

## **Aftermarket (Replacement Market)**

Replacement or add-on purchases for a product after its original sale. The automotive aftermarket includes replacement parts, accessories, lubricants, fuel, appearance products and repairs.

# GLOSSARY OF AUTOMOTIVE TERMS

## **Amount Financed**

The agreed-upon sale price of the vehicle, plus any charges for taxes, title, license fees, service contracts and insurance, less any down payment and/or net trade-in allowance. This is the amount which is subject to finance charges.

## **Annual Percentage Rate (APR)**

The total amount of finance charges expressed as a true percentage of the declining unpaid balance.

## **Anti-Lock Braking System**

A braking system that senses when any of the wheels have locked up, or are about to, and automatically reduces the braking forces to keep the wheels rolling. Commonly called ABS, such a system can control all four wheels or only two.

## **Auto Dealer Finance & Insurance Department**

The F&I department at a typical automobile dealer offers vehicle financing and insurance options to customers, details the dealership's aftermarket products and extended warranties, and provides a complete explanation of manufacturer and dealership service procedures and policies.

## **Auto Dealer Service Department**

Service departments at vehicle dealers provide repair services and sell accessories and replacement parts. While most service departments perform repairs only, some dealers also have body shops to do collision repair, refinishing, and painting. The work of the service department has a major influence on customers' satisfaction and willingness to purchase future vehicles from the dealer.

## **Automatic Highway Advisory Radio (AHAR)**

American traffic information broadcasting system whose transmissions are received through car radios which automatically interrupt other radio reception and tune to the correct station.

## **Automated Vehicle Identification (AVI)**

A system that combines an on-board transponder with roadside receivers for electronic toll collection (ETC) and stolen vehicle recovery.

# GLOSSARY OF AUTOMOTIVE TERMS

## **Automatic Climate Control**

A heating and air conditioning system that adjusts itself as needed, to maintain a pre-set temperature.

## **Back End**

Also known as “Back End Gross” or “Backroom.” Any money the dealer makes that is not part of the actual sale of a car. This includes fees for options or accessories that can be bought later on an aftermarket basis.

## **Balloon Contract**

A loan that is amortized only down to the expected end-term value with a remaining balance to be paid in a lump sum at the end of the term.

## **Basic Warranty**

The terms established by each manufacturer to repair vehicles within a specified mileage and/or time period. All factory-installed and some dealer-installed parts are covered under this warranty.

## **Blue Book**

Officially named The Kelley Blue Book, this reference is typically used by consumers to look up the fair market price of the wholesale, retail and loan values of autos.

## **Bluetooth Capability**

The ability of a radio system to work with Bluetooth wireless connectivity, to function in concert with a cellular phone.

## **Body Type**

The distinguishing characteristics of a car, such as the number of doors, windows, way it carries cargo (hatchback, sedan, fastback, sport, etc.).

## **Buyer's Market**

An economic market where conditions are in favor of the buyer.

## **C.S.I. (see Customer Satisfaction Index)**

# GLOSSARY OF AUTOMOTIVE TERMS

## **CAFE**

Corporate Average Fuel Economy (CAFE) is the sales weighted average fuel economy, expressed in miles per gallon (mpg), of a manufacturer's fleet of passenger cars or light trucks with a gross vehicle weight rating (GVWR) of 8,500 lbs. or less, manufactured for sale in the United States, for any given model year. Fuel economy is defined as the average mileage traveled by an automobile per gallon of gasoline (or equivalent amount of other fuel) consumed as measured in accordance with the testing and evaluation protocol set forth by the Environmental Protection Agency (EPA).

## **Capitalized Cost Reduction**

The amount of any net trade-in allowance, rebate, noncash credit, or cash which is paid that reduces the gross capitalized cost. This is sometimes referred to as a down payment.

## **Captive Finance Company**

A finance company that is separate from a dealership but is owned by a parent company. Automobile manufacturers have established captive finance companies for the purpose of financing autos for consumers. These finance companies are able to finance any vehicle -- not just the specific manufacturer's products. Often, a dealer will give the choice of a special dealer finance rate or a manufacturer's rebate. In many cases, the rebate will be a better deal.

## **Car Lease Swap**

The transfer of an auto lease to another party, such as a leasing company, before the lease is finished.

## **Certified Pre-Owned Vehicle**

Many manufacturers have certified pre-owned programs that promote used vehicles that meet high standards defined by the manufacturer. Each program has a different certification process.

## **Closed-End Lease**

A type of lease in which the lessee is not responsible for the value of the vehicle at the end of the lease. The lessee is liable for excess mileage and excessive wear and use. This is also called a guaranteed trade-in, net lease, or walk-away lease.

# GLOSSARY OF AUTOMOTIVE TERMS

## **Collision Insurance**

Insurance which covers damage to a vehicle that results from a collision with another vehicle or object. Different than comprehensive insurance.

## **Compact Car**

A small car that can seat two to four people.

## **Comprehensive Insurance**

Insurance which covers damage to a vehicle caused by events other than a collision, such as flood, fire, hail, theft, or vandalism. Different than collision insurance.

## **Crossover Utility Vehicle (CUV)**

A CUV is a vehicle that has SUV-like function and utility, but with a chassis and drivetrain more similar to a car than a traditional truck-based SUV. Having the underpinnings of a car equates to a more comfortable ride and useable interior room, as well as typically better gas mileage because of lighter construction and smaller engines.

## **Customer Satisfaction Index (CSI):**

A report, prepared by a research firm such as J.D. Power and Associates, detailing how customers rate the dealership's sales and service departments.

## **Dealer Holdback**

Is a percentage of the total MSRP that the manufacturer holds and then gives back to the dealer, often at the end of the year or quarter.

## **Dealer Incentives**

Are unadvertised cash incentives given by the manufacturer to the dealer to help boost the sales of a particular model that may or may not be selling well.

## **Dealer Invoice Price**

Also called dealer cost. The amount the dealer pays for a car or truck. Deducted from this price may be a dealer incentive, which is a set discount offered for a limited period of time, or a dealer holdback, which is a percentage of the vehicle's wholesale price.

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## **Destination Charge**

Destination charge is the amount the automaker charges the dealer to deliver a new vehicle from the factory. This charge can vary among automakers as well as among different vehicles. In most cases the destination charge for a given vehicle is the same to any point in the United States, whether the car has to travel across town to a dealer in Detroit, or across the continent to a dealer in Los Angeles. Since it is a fixed, unavoidable cost to a dealer, destination charges seldom can be negotiated.

## **Detailing Service**

Specialized cleaning of vehicle interior and exterior. Includes cleaning of upholstery and engine compartment, vacuuming, washing and waxing.

## **Diesel Engine**

An internal-combustion engine in which the fuel is injected into the cylinder near the end of the compression stroke and is ignited by the heat of the compressed air in the cylinder. No spark plug or carburetor is needed.

## **Digital Audio Broadcast (DAB)**

A digital technology offering considerable advantages over today's FM radio, both to listeners and broadcasters. The most obvious benefit to listeners is DAB's ability to deliver CD-quality stereo sound robustly and reliably, even to mobile receivers, using only a simple rod antenna. FM reception is often distorted or interrupted by multi-path interference in moving vehicles in particular, as reflections from hills and buildings arrive out of phase with the main signal. By contrast, the DAB receiver's powerful processor use these "shadows" to reinforce the main signal.

## **Direct Financing**

Arranging a loan directly through a bank or credit union rather than through the dealer.

## **Do-It-Yourself Market (DIY)**

The vehicle maintenance and repairs conducted by the vehicle owner or friend/relative who purchase auto parts from a retail outlet.

# GLOSSARY OF AUTOMOTIVE TERMS

## **Down Payment**

The amount of cash or net trade-in allowance applied to reduce the cash sales price of a vehicle. Most retail transactions require a down payment of 10 to 15 percent of the amount to be financed. However, the required down payment can be less depending on the individual's credit standing, ability to repay and other criteria. A down payment helps lower the monthly payment as well as establish equity in the vehicle.

## **Dual-Zone Climate Control**

Allows individualized control of heating and air conditioning. Most systems are adjustable for the driver and front passenger; others feature a third adjustment for rear passengers.

## **Due at Signing**

The amount of money paid to a car leasing company when an auto lease is signed.

## **Early Termination**

When a lease is ended by the lessee returning the lease vehicle to the lessor before its scheduled maturity date.

## **Early Termination Fee**

A fee charged by car leasing companies for ending a car lease before the end of the predefined lease term.

## **Electric Vehicle**

An automotive vehicle that is propelled by one or more electric motors powered by a special rechargeable electric battery, rather than by an internal combustion engine.

## **Excess Mileage Charge**

Leases generally contain a mileage limitation to prevent excess mileage from being driven, and therefore, excess depreciation of the vehicle. A set mileage allowance is stipulated in a TMCC lease agreement. If this limit is exceeded, the lessee is charged for each mile driven exceeding the allowable mileage, as specified in the lease (e.g., \$0.10 per mile). However, if at lease inception the individual feels they will be driving more than is set forth in the lease, they can add the anticipated excess mileage (at \$.10 per mile) to the lease to be paid as part of the monthly payment.

# GLOSSARY OF AUTOMOTIVE TERMS

## **Excessive Wear and Use**

Leases contain specific standards for excessive wear and use based upon TMCC's standards. Included are such items as missing parts, scratches, dents, mismatched/bald tires, cracked glass, ripped/torn/burned interior and inoperable mechanical parts. At the end of the lease, if the lessee does not purchase the vehicle, the lessee must either repair the excessive wear and use, or pay the lessor the estimated cost of repairs.

## **Extended Warranty**

A contract that protects the car owner against mechanical failures and breakdowns. Extended warranties are also referred to as Vehicle Service Contracts. This warranty will pay for covered repairs after the manufacturer's warranty has expired.

## **F&I (see Finance & Insurance below)**

### **Finance & Insurance**

The Finance Department in a dealership, sometimes called the Business Office, or commonly called F&I Department, is designed to sell auto loans and insurance at a profit. It also sells other add-ons, such as extended warranties or custom accessories. Dealers often make more profit on F&I than on selling a vehicle.

## **Floorplan**

Dealer floorplan interest is the interest that dealers pay for loans to buy the cars on their lot. Usually the factory pays this as part of the holdback, itemized as a separate invoice item.

## **Four-Wheel Drive (4WD)**

A part-time system that transfers engine power to all four wheels. 4WD systems usually lack a center differential that allows use in dry conditions. 4WD provides superior traction compared with front or rear-wheel drive.

## **Front-Wheel Drive (FWD)**

The front wheels receive engine power. FWD provides more traction than rear-wheel drive (RWD) in poor road conditions because more weight is over the drive wheels. FWD also allows better use of interior space than RWD.

## **Full-Size Car**

A car that is usually four doors and seats up to seven people.

# GLOSSARY OF AUTOMOTIVE TERMS

## **Guaranteed Auto Protection (GAP) Insurance**

A type of insurance that covers the amount of money owed on a lease that is not covered by standard auto insurance. Gap protection applies only if the lease is terminated involuntarily and earlier than maturity date of the lease because the leased auto was stolen or significantly damaged in an accident. It's important protection to have because the actual cash value of the car paid by a standard auto insurance policy may not be adequate to pay the payoff balance and early-termination penalties of the lease. The protection shouldn't cost more than a few dollars a month.

## **General Service Parts**

Spark plugs and electrical parts (tune-up kits, wiring, switches); filters (oil, air and gas); batteries; belts and hoses; engine accessories (speed control, carburetors, oil and water pumps, alternators).

## **Global Positioning System (GPS)**

A "constellation" of 24 satellites that orbit the Earth and make it possible for people with ground receivers to pinpoint their geographic location. The GPS is owned and operated by the U.S. Department of Defense but is available for general use around the world.

## **Gross Capitalized Cost**

The agreed-upon value of the lease vehicle (including dealer mark-up), plus any items you pay for over the lease term such as taxes, service contracts, insurance, and any prior credit or lease balance.

## **Gross Profit**

The amount of profit that is realized on a deal prior to deducting sales and delivery expenses.

## **Guaranteed Loan**

When a lender offers a loan with the understanding that the loan is guaranteed to be repaid by another party if the borrower defaults.

## **Hard Parts**

Solid engine parts, including crankshafts, pistons, flywheels, etc.

# GLOSSARY OF AUTOMOTIVE TERMS

## **HD Radio**

HD Radio simultaneously transmits a digital version of the analog broadcast and also provides a second digital channel, which can be used for alternate Radio programming or data services such as song information, weather reports and car navigation updates. Digital Radio provides an improvement in sound quality over traditional analog Radio.

## **Heavy-Duty Truck**

Vehicle weighing from 26,001 to 33,001 lbs. Also includes off-highway trucks.

## **Heavy Parts**

Chassis (shock absorbers, mufflers and exhaust system products, struts); drivetrain (U-joints, transmission parts, clutches); brake parts (brake parts, rotors, discs); crash parts (body repair kits, fenders and bumpers; fiberglass panels; glass).

## **Holdback**

Holdback is money the dealership receives from the manufacturer after a vehicle is sold. Holdback is often 2% to 3% of the invoice price.

## **Home Office Complaints (HOC)**

In addition to reflecting unfavorably on dealers' sales and service departments, dealer incentives are sometimes tied to these customers' experiences.

## **Hybrid Vehicle**

A hybrid electric vehicle combines an internal combustion engine and an electric motor powered by batteries, merging the best features of today's combustion engine cars and electric vehicles. The combination allows the electric motor and batteries to help the conventional engine operate more efficiently, cutting down on fuel use. Meanwhile, the gasoline-fueled combustion engine overcomes the limited driving range of an electric vehicle.

**Incentives** (see Dealer Incentives)

# GLOSSARY OF AUTOMOTIVE TERMS

## **Infotainment**

The telematics market is slowly evolving into "infotainment" (information and entertainment) to combine everything from safety and security to routing and entertainment, including Internet access and video games. Vehicle manufacturers increasingly offer infotainment systems either as original equipment or optional packages.

## **In-Vehicle Signing**

On-board display of roadside sign information. The information can be obtained either by short-range transmission from roadside beacons or from on-board data storage. In-vehicle signs are utilized to improve driver effectiveness, especially when driving at night or during inclement weather conditions.

## **Inventory**

Refers to the number of unsold vehicles that are currently on a dealership's lot. Car dealers order their inventory based on their reading of the marketplace, how well certain models have sold in the past, and on feedback from consumers.

## **Invoice**

The billing price that a dealer pays for a new car from the factory.

## **Keyless Entry System**

A system which allows drivers to lock and unlock their vehicle's doors and trunk without using a key. One system is operated by punching a typically five digit code into a calculator-style keypad located on the driver's door; if more than five seconds elapse between button pushes, the system will abort, requiring you to start again. Another system uses a dedicated frequency in a special key fob.

## **Lease**

A contract between lessor and lessee for a specified time period and a specific payment. The title to the car remains in the name of lessor as owner unless and until the lessee exercises his/her purchase option.

# GLOSSARY OF AUTOMOTIVE TERMS

## **Lease Buy-Back**

A lease buy-back is a contract that is typically entered into by a lessee (the individual who will be driving the given vehicle) and a lessor (the individual or company that actually owns the vehicle). The lessee is agreeing to pay for the use of the vehicle over the period of the lease. The lessee also assumes financial responsibility for any damage done to the vehicle over the period of the lease. At lease end, the lessee must return the vehicle to the lessor, unless the lessee decides to purchase the vehicle at lease end.

## **Lease Inception Cash**

The total amount of money the customer needs to pay when starting a car lease. This includes first month's payment, any tax and title fees, down payment (e.g., capitalized cost reduction), and security deposit.

## **Lease Insurance (also see GAP Insurance)**

The lessee is generally required to purchase collision and comprehensive insurance coverage by the auto dealer or bank that is financing the car. These coverages are in addition to the others that may be mandatory in a particular state, such as auto liability insurance. Insurance for leased vehicles is typically more expensive than normal coverage.

## **Lemon Law Vehicle**

A vehicle with major problems that has been repurchased by or had its price renegotiated with the manufacturer. The state marks its official records or issues a title brand for lemon law vehicles. Laws vary by state as to the specific requirements for a "lemon." Most manufacturers issue some buybacks that are not the result of Lemon Laws but rather a courtesy.

## **Lessee**

The customer who signs a lease with the lessor and pays for use of the vehicle.

## **Lessor**

The party leasing the vehicle to the lessee, the actual owner of the vehicle and the lease (i.e., leasing company, dealer or financial institution).

## GLOSSARY OF AUTOMOTIVE TERMS

### **Lien**

A claim against a vehicle by another party which utilizes the vehicle as security for repayment of a loan or other claim. Usually affects the ability to transfer ownership.

### **Light Truck**

Vehicle weighing less than 14,000 lbs.

### **Loan-to-Value Ratio (LTV)**

A ratio determined by dividing the sales price or appraised value into the loan amount, expressed as a percentage. For example, with a sales price of \$10,000 and an auto loan of \$8,000, the loan-to-value ratio would be 80 percent.

### **Manufacturer's Suggested Retail Price (MSRP)**

The retail price of the vehicle as recommended by the manufacturer -- often called the sticker or list price.

### **Manufacturer Recall**

Automobile manufacturers issue recall notices to inform owners of car defects that have come to the manufacturer's attention. Recalls also suggest improvements that can be made to improve the safety of a particular vehicle. Most manufacturer recalls can be repaired at no cost to the owner.

### **Mark-up**

The amount of profit received by the dealer on each car. Mark-up can be calculated by subtracting the selling price from the invoice price.

### **Medium-Duty Truck**

Vehicle weighing from 14,001 to 26,000 lbs.

### **Mid-Size Car**

A medium-size car designed to seat four to six passengers.

### **Model Year (MY)**

Usually defined as the year after the actual availability of a particular vehicle. For example, a car introduced in 2007 will usually be called a Model Year 2008 vehicle.

# GLOSSARY OF AUTOMOTIVE TERMS

## **MP3 Capability**

The ability of a Radio to play computer-generated MP3 music, as well as CDs and/or cassettes.

## **National Automobile Dealers Association (NADA)**

A trade association representing franchised new car and truck dealers.

## **National Independent Automobile Dealers Association (NIADA)**

A trade association representing independent automobile dealerships.

## **National Vehicle Leasing Association (NVLA)**

A trade association of vehicle leasers, dealers, and funders.

## **National Rebate Amount**

Automakers provide rebates and incentives to encourage vehicle sales. National rebates and incentives typically take the form of cash or special low interest rates. The listed programs apply to this vehicle in all parts of the country.

## **Navigation System**

An electronic map combined with route instructions, usually displayed on a dashboard video screen. The system communicates with a satellite to display, on the screen, the vehicle's geographic location and direction of travel. Navigation systems are usually optional, though some luxury models have them as standard equipment.

## **Net Profit**

Dealership pre-tax net profits are derived from subtracting overall expenses from the total operating gross.

## **No-Fault Insurance**

A type of insurance where both parties in an accident file claims regardless of fault.

# GLOSSARY OF AUTOMOTIVE TERMS

## **Off-Lease Vehicle**

Off-lease vehicles are vehicles that are returned at the end of a lease term. Usually, an off-lease vehicle is either sold to the lessee by the dealership or financial institution that originated the lease, auctioned off, or sold as a used vehicle by the dealer.

## **On-Board Diagnostics**

A unit that monitors the Electric Control Unit and system responses for errors during normal vehicle operations. When the vehicle is serviced, this information on the errors can be downloaded and displayed to the service personnel, which will facilitate the trouble shooting process.

## **Open-End Lease**

A lease which requires the lessee (the person leasing the auto) to pay any difference between the residual value of the auto and the fair market value of the auto at the end of the lease. The risk of paying depreciation greater than anticipated and stated in the lease at the time of the lease negotiation is assumed by the the lessee, not the lessor (or company leasing the car).

## **Pack**

Packing or loading payments is a slang term used to describe a practice used by the auto industry to get customers to agree to purchase additional products, such as credit insurance, service contracts, chemical protectants, and security devices, without revealing their true impact on their monthly payments.

## **Preparation Charges**

Charges imposed by a dealer for preparing a newly purchased car for delivery to the buyer. Includes filling the gas tank, verifying appropriate fluid levels, last minute touchup cleaning, etc.

## **Purchase Agreement**

A contract signed by the buyer and seller that indicates the conditions under which an item or property will be sold.

## **Purchase Option**

An option in a lease which allows the lessee to purchase the vehicle at the end of the lease term for a specified price.

# GLOSSARY OF AUTOMOTIVE TERMS

## **Quick Lube**

Service establishments specializing in providing fast oil changes. May also offer other automotive services.

## **Radio Data System (RDS)**

Radio Data System. RDS tuners can automatically tune in stations according to the types of music (or talk) they broadcast. RDS also enables a receiver to display text messages and even graphics (usually call letters and format information) that many FM stations include on a subcarrier signal within their normal broadcast signal. Some RDS equipped tuners can even override with traffic alerts or emergency broadcasts, during playback of other media.

## **RDR (see Retail Delivery Registration)**

## **Real-Time Traffic Information**

This system can work with satellite Radio to warn the driver if traffic conditions ahead are troublesome. It can then determine if an alternate route might be a better choice.

## **Rear Obstacle Warning System**

Alerts the driver to unseen objects behind the vehicle when backing up. Sensors mounted in the rear bumper detect the presence of nearby objects. A tone or warning lights signal the distance to these objects. Some systems also warn of nearby objects in front.

## **Rear-Seat Entertainment System**

Allows rear-seat passengers to view video. An option most often offered on minivans and SUVs. Earlier entertainment systems played VHS video tapes, but most of the current ones play DVDs.

## **Rear Wheel Drive**

The rear wheels receive all the engine power. RWD is preferred over front-wheel drive (FWD) for its superior handling and acceleration capabilities. RWD provides less traction than FWD in poor road conditions because less weight is available over the drive wheels.

## **Rebates/Incentives**

Rebates and incentives are provided by the automaker to help encourage additional vehicle sales. These typically take the form of cash or special low interest rates.

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## **Regional Incentives**

Regional incentives usually are in the form of cash or special financing, and apply to specific areas or states of the continental US. National incentives apply to the entire continental US. A national incentive cannot be combined with a regional incentive. Incentives that apply to a particular region of the country will supersede incentives offered at a national level.

## **Residual Value**

The lease-end value of the vehicle set at lease inception by the lessor. It's usually calculated as a percentage of the MSRP. This is used as a component of the payment calculation.

## **Retail Contract**

Contract representing the time sale of a vehicle to a customer.

## **Retail Delivery Registration**

Registration by the dealer with the manufacturer when a vehicle is sold. Some manufacturers use different phrases such as Management Information System (MIS) or Daily Operating Control (DOC). The process allows manufacturers to track dealer retail vehicle sales.

## **Refundable Security Deposit**

An amount collected by the lessor at the beginning of the lease to ensure the lessee's compliance with the terms of the lease. The security deposit is generally refundable at lease end, provided there are no excess mileage, excessive wear and use charges, outstanding parking tickets, or unpaid lease payments.

## **Route Guidance Database**

The detailed information required for a computer to generate a high-quality driving route between two locations. Information includes geometry, street names, addresses, speed limits, turn restrictions, one-way restrictions, road levels, and roadway connections.

# GLOSSARY OF AUTOMOTIVE TERMS

## **Satellite Radio**

Two systems, XM and Sirius, provide radio reception via satellites rather than the customary broadcast method. Each service charges a monthly fee for delivering a large number of entertainment channels. Satellite-ready radios are standard in some vehicles and optional for many more.

## **Scheduled Termination**

The end of the lease term, as called for in the lease. It is also referred to as the scheduled maturity date.

## **Seller's Market**

An economic market where conditions are in favor of the seller.

## **Standard**

This refers to equipment that is included in the base list price of an automobile, and can vary according to the vehicle. Features that are optional on most lesser-priced models are standard on many luxury offerings.

## **Sticker Price (see Manufacturer's Suggested Retail Price)**

## **T.O. (see Turnover)**

## **Talking Warning System**

Using the car radio speakers, this microprocessor-based system tells the driver the source of the problem in a clear, pleasant (female) voice. If the radio is on at the time of the alert, the computer automatically turns down the volume so the warning can be heard.

## **Telematics**

Telematics for the automotive industry covers a combination of wireless voice and data communication systems aimed at providing drivers with safety and information including automatic airbag deployment notification, vehicle tracking, personalized information, real-time traffic data, emergency aid, and entertainment from a central service center. Innovative features include Internet access, voice activation, and the ability to control the car audio and climate control.

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## **Telematics Control Unit (TCU)**

The embedded vehicle control unit that communicates with the automobile controls, GPS satellite, and customer service center to provide telematics features to a driver.

## **Term**

The length of a lease agreement. Typical leasing lengths are 24, 36, 48 and 60 months. However, sometimes lease agreements are for 36, 38 or 40 months (to make the lease payments appear smaller).

## **Total Cost of Ownership (TCO)**

Total Cost of Ownership is the total expected ownership cost to own and operate a vehicle for five years. The Total Cost of Ownership calculation includes depreciation, financing, insurance, state fees, fuel, maintenance and repairs.

## **Total Out-of-Pocket Cost**

This is the total of all monthly payments, any lease fees and deposits, and any capital cost reduction (except tax, license, and registration) from lease inception to closure.

## **Tower**

In a "tower" store, management sits and monitors the floor for sales activity (so called because it is usually elevated slightly above the showroom floor level). Sales and F&I numbers are usually monitored and/or manipulated from the tower's computer.

## **Traction Control**

A general term for limiting wheel slip under acceleration. Traction control systems usually apply brakes and reduce throttle when wheel slip is detected.

## **Trade-in value**

The value that a car dealership will give for an existing car as a deposit on a new car.

## **Turn and Earn**

Turn and earn is a critical part of the car business, and basically describes the system all manufacturers use to allocate which dealer receives inventory each month. Turn describes a dealer's sales: How many vehicles did they turn into deliveries for a particular month? This determines how many vehicles they "earn" from the next vehicle allocation.

# GLOSSARY OF AUTOMOTIVE TERMS

## **Turn-By-Turn Route Guidance**

A method of providing route guidance by sequentially delivering upcoming maneuver information to the driver visually and/or audibly as the route is driven.

## **Turnover (T.O.)**

Also known as "turning," this is the practice of passing a customer from one salesman to another. It is thought that this will prevent customers from leaving the car lot. The theory is that the customer might just have bad chemistry with the first salesman and he might like the next salesman.

## **Underbody Protection**

A coating of the underbody of a vehicle, usually with organic coating materials (plastic, wax, bitumen-based products), to protect it from mechanical damage and corrosion.

## **Up**

Refers to a customer who walks into a dealer location. It comes from a system used in greeting prospective customers. The salespeople's names are listed and as the top person on the list greets a prospective buyer, his or her name is crossed off and the next salesperson becomes the "up man."

## **Upside Down Car Loan**

Where the amount of a car loan is more than the value of a vehicle.

## **Variable Gross**

Variable gross includes such dealership operating expenses as total sales compensation, delivery expense, policy expense, floorplan interest, and advertising & promotion.

## **VIN**

The Vehicle Identification Number (VIN) is a 17-character number that uniquely identifies a vehicle. It can typically be found on the dashboard on the driver side of the vehicle, or on the driver side door post. It is also recorded on the vehicle title, registration, and insurance documents.

## GLOSSARY OF AUTOMOTIVE TERMS

### **Voice Recognition**

Quite a few climate-control and other systems can respond to vocal commands. These systems are expanding into navigation systems as well.

### **Warranty (also see Basic Warranty and Extended Warranty)**

The promise made by both the vehicle manufacturer and the vehicle dealer to fix or replace parts on a new vehicle if there is a malfunction before a specific time or distance has elapsed. In some instances some manufacturers or dealers grant warranty even after the expiry of the designated time or distance. This is called "good will warranty."