



Supreme Court to hear case on service advisor overtime pay

The U.S. Supreme Court has agreed to hear a case that will determine whether auto dealership service advisors, who are responsible for evaluating vehicles and suggesting repairs to their owners, qualify for an exemption from the overtime requirements of the Fair Labor Standards Act.

The 9th Circuit Court of Appeals, headquartered in San Francisco, last year ruled in *Navarro v. Encino Motorcars, LLC* that service advisors are not eligible for an FLSA exemption for (in the gendered language of its day) a “salesman, partsman or mechanic primarily engaged in selling or servicing automobiles.” The ruling conflicted with rulings by other courts that held the opposite, notably the 4th and 5th Circuits.

The entire issue was fur-

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Chicago Auto Show readies for its Feb. 13-21 close-up

Bakery fresh.

Get ready for a Chicago Auto Show that shouts “new.” North America’s largest auto show will feature plenty of models making their world and continental debuts, of course. But attendees will have to be on their toes when it comes to finding them all.

The CATA, which owns and produces the show, has reshuffled the deck and placed nearly every automaker in a different spot on the 1.2 million square foot show floor than audiences had been accustomed to seeing them.

The curtains for the Chicago Auto Show’s 2016 edi-



tion “officially” rise Feb. 13, when the general public takes advantage of its nine days to see it all. But newsworthy activities won’t wait that long to commence.

Nissan is jump-starting the news with the introduction of an all-new vehicle at a special media off-site reception on Feb. 10, one day ahead of the show’s official Media Preview.

When the Media Preview

does open Feb. 11, Mark LaNeve, vice president, U.S. marketing, sales and service Ford Motor Co., will deliver a keynote breakfast address. That afternoon, Alexander “Lex” Kerssemakers, senior vice president, The Americas region, and president and Chief executive of Volvo Cars of North America, will address the Economic Club of Chicago (ECC) Luncheon, also at McCormick Place.

Driving engagement award

The auto manufacturer judged to have had the most buzz-worthy social media campaign will be awarded

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Calling all Social Media managers!

An auto show is, without a doubt, filled with visual and sharable content. With more than 1 million square feet of exhibit space, the Chicago Auto Show is sure to be the talk of the town.

The CATA welcomes dealership Social Media managers to not only participate in the excitement and buzz, but to jump in the driver’s seat and help lead and facilitate

conversation surrounding the nation’s largest auto show. There is no better chance to share the latest industry and manufacturer-specific news than at the Chicago Auto Show!

To register for the exclusive Media Preview event on Friday, Feb. 12, contact the CATA’s Jennifer Morand at jmorand@drivechicago.com.

Overtime

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ther complicated in 2011, when the U.S. Department of Labor changed its long-standing position and issued a new regulation which limited this exemption strictly to salespeople who sell cars exclusively and to parts workers and technicians who service cars (but not service advisors).

In the Navarro case, the California dealership conceded that its service advisors did not fit within the parameters of this regulation. But it argued that the court should not defer to the regulation because the statute was ambiguous and could be interpreted to cover service advisors.

The 9th Circuit rejected that argument, saying the statute also could be interpreted to define a salesperson as an employee who sells cars; a parts worker as an employee who requisitions, stocks, and dispenses parts; and a technician as an employee who performs mechanical work on cars.

“Service advisors do none of those things; they sell services for cars. They do not sell cars; they do not stock parts; and they do not perform mechanical work on cars,” the court stated.

The dealership appealed to the Supreme Court, arguing that the Navarro ruling:

- Conflicts with rulings from the 4th and 5th Cir-

cuits;

- “Badly misconstrue[s]” the statute because “a service advisor is integral to the process of servicing vehicles at a dealership, and is the paradigmatic ‘salesman’”; and

- Will upend “decades of settled precedent” by which 18,000 franchised car dealerships have treated an estimated 45,000 service advisors as exempt, basing compensation packages primarily on sales commissions rather than hourly wages.

The plaintiffs, in turn, responded that:

- There is not in fact a split in the circuits because the 4th and 5th Circuit rulings cited by the dealership predate the DOL’s regulation, which was issued in 2011;

- The 9th Circuit was correct in deferring to the DOL’s regulation because the original statute was ambiguous; and

- Any decision would have limited effect because most service advisors also could be exempt from overtime pay under an FLSA exemption for commissioned salespersons.

It is uncertain when the Supreme Court will issue a ruling in the Navarro case, but it could happen before the end of the Court’s current term at the end of June. Any dealer with questions about these developments should contact CATA Employee Relations Counsel Dave Radellet at dpr@franczek.com or (312) 786-6190.

Exterior, interior styling are tops

Reliability a top shopper concern

Vehicle reliability remains a top concern of new-vehicle shoppers, the latest J.D. Power Avoider Study found.

Fifty-five percent of the 26,500 survey respondents, who registered a new vehicle in April and May of last year, said reliability was a leading reason for their purchase, up from 51 percent in the previous year’s analysis.

Looking at it from the opposite angle, 17 percent said perceived reliability was a chief reason why they avoided a certain vehicle, versus 14 percent the previous year.

“Though vehicle reliability and durability have improved significantly over the years, they remain a vital consideration for consumers,” said Dave Sargent, vice president of quality practice for J.D. Power. “With so many auto recalls in the news and challenges with the introduction of new technology, consumers are even more attuned to the expected reliability of new vehicles.

“This impacts which models consumers avoid and which ones they ultimately purchase. “Bad news can tarnish an automaker’s reputation in an instant, yet, can take years to build back up. Automakers need to convince consumers of the true reliability of their vehicles so it is not a reason to avoid selecting a particular model.”

Above reliability, exterior and interior styling still remain the top two most frequently cited reasons for buying a vehicle.

Lower gas prices also appear to have made an impact on consumer preferences, as J.D. Power notes that 51 percent of shoppers considered fuel economy when purchasing their vehicle in 2015, down from 55 percent in the previous year.

Although nothing new, another issue that has stuck around is the fact that some shoppers tend to change brands because they simply want to try something new.

“This is a major challenge for auto marketers,” Sargent said. “In the auto industry, building consumer trust, loyalty and advocacy is paramount to ongoing success. However, there are so many great vehicles available to consumers that merely satisfying your customers is simply the cost of entry.”

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Review past editions dating to 1998 or search by subject at www.cata.info.

David E. Sloan
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

NADA Workforce Study underway

With a retail workforce topping 1 million employees and the auto industry poised for sales growth, new-car dealerships now more than ever need to focus on hiring and keeping talented employees.

To help dealerships stay competitive, the NADA Dealership Workforce Study provides the industry's only authoritative analysis of employee compensation, retention and turnover, employee

benefits, work schedules and demographics. Dealerships that complete a questionnaire and submit their payroll data will receive two complimentary reports — including comparisons of their dealerships to their peers nationally, regionally and by state as well as by brand.

The participation period is open until April 29. To begin the process, visit www.nadaworkforces-tudy.com.

Auto show

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Feb. 12 during the auto show's Media Preview. The 2016 Driving Engagement Award is overseen by the Word of Mouth Marketing Association, the official trade association for the word-of-mouth and social-media marketing industries.

"Our goal is to help showcase the use of credible, ethical and effective social media and word-of-mouth marketing during the Chicago Auto Show Media Preview and throughout the public show and to help auto brands 'drive engagement' with their fans all year long," said Suzanne Fanning, president of the WOMMA.

Benevolence

The final activity before the curtains rise for the public is First Look for Charity, now in its 25th year. The benevolent black-tie event, held the evening before the grand opening, has raised \$42 million over the years for area nonprofits. Eighteen Chicago area charities will benefit from more than \$2.5 million expected to be raised this year.

First Look for Charity has become one of the special events on the winter schedules of Chicago socialites and car buffs. About 10,000 attendees at the charity gala will be treated to hors d'oeuvres; champagne, wine, beer and soft drinks; and special entertainment presented by the automakers in their displays.

Complementing the culinary efforts of Savor, McCormick Place's in-house caterer, are a host of notable Chicago restaurants, including Adobo Grill,

Frontier, Joe's Seafood Chicago, Miss Ricky's, New England Seafood Co., Porkchop, Real Urban Barbecue, Shen Yun, Texas de Brazil, Union Sushi + Barbeque Bar, and ZED451.

Spirits will be poured by Brown-Forman, Ménage à Trois Vodka, Sugar Island Rum, Tres Agaves Tequila, and Trincherro Family Estates. Benefactors in attendance also have the chance to win a 2016 Lincoln Black Label MKX or a 2016 Jeep Renegade.

"The Chicago Auto Show is uniformly regarded as the finest auto show in the country, but the charitable cause demonstrates that this auto show is about more than just vehicles and accessories," said Colin Wickstrom, chairman of the 2016 show. "It's also about giving something to the charities of our community."

Tickets cost \$250 and can be purchased at www.chicagoautoshow.com.

4 TV specials

The Chicago Auto Show provides the perfect setting for exciting and engaging television, and the Chicago market is strong enough to support multiple live television specials. This year, five stations are producing auto show special programming: ABC, CBS, Telemundo and WGN.

ABC 7 Chicago, the show's official broadcast partner, will return with a live, 60-minute broadcast originating from the show at 6 p.m. Feb. 13. The special will focus on Chicago Auto Show introductions, new technologies and interactive and engaging activities at the show.

WGN-TV returns with its Motor-week-backed show featuring automotive expert John Davis. The WGN spe-

cial will also air Feb. 13. Also that day, Telemundo's show programming will likely air.

The CBS 2 Chicago special will air Feb. 14, and NBC 5 Chicago will have eight cut-ins from the show Feb. 13 and 14. All of the specials are scheduled to be re-broadcast multiple times before the show's Feb. 21 closing.

Website, app

The auto show's all-new website and accompanying smartphone app are designed to enhance the attendee experience and bring the show to life across the globe. The 2016 version of ChicagoAutoShow.com features seamless social media integration, historical videos and bigger, bolder image galleries.

Highlighting its extremely active social media channels, the show's website features Facebook and Twitter conversations on nearly every page. In addition, the site now hosts a social media wall that is constantly updated with the latest conversations across all social media channels including Facebook, Twitter, YouTube, Instagram, Vine and Pinterest.

The show's listing of vehicles on display, photo galleries and videos are designed to take advantage of today's large, touch-screen monitors while still being responsive enough to remain fully functional on compact mobile devices.

"We want our attendees to connect to the show on every level," said show Chairman Wickstrom. "We will be providing free high-speed Wi-Fi at the show to allow show-goers to share their experience through social media, our website and our official Chicago Auto Show app."

Franchised New-Car Dealers in the 8-county CATA area as of 1 January 2016

Car Line	Chicago only Ill.	Rest of Cook Cty. Ill.	Lake Cnty. Ill.	DuPage Cnty. Ill.	McHenry Cnty. Ill.	Kane Cnty. Ill.	Will Cnty. Ill.	Lake Cnty. Ind.	Porter Cnty. Ind.	Total [prior] 7/1/2015	Total [present] 1/1/2016
Acura	1	4	2	3	0	0	0	1	0	11	11
Alfa Romeo	1	3	0	1	0	0	0	0	0	5	5
Aston Martin	0	0	1	1	0	0	0	0	0	2	2
Audi	1	3	1	2	0	0	0	1	0	8	8
Bentley	1	1	0	1	0	0	0	0	0	3	3
BMW	1	4	1	3	1	0	0	1	0	11	11
Bugatti	1	0	0	0	0	0	0	0	0	1	1
Buick	2	9	1	4	4	1	3	2	3	29	29
Cadillac	1	8	2	2	1	0	1	1	0	16	16
Chevrolet	4	15	5	6	4	4	6	4	2	50	50
Chrysler	3	11	4	4	3	3	2	3	2	35	35
Dodge	4	11	4	4	3	3	2	3	2	36	36
Ferrari	0	0	1	1	0	0	0	0	0	2	2
Fiat	1	3	0	1	0	0	0	1	0	7	6
Ford	3	13	6	7	3	4	5	4	2	47	47
GMC	1	9	1	4	3	1	2	2	2	25	25
Honda	4	9	3	2	1	3	1	2	0	25	25
Hyundai	2	10	4	3	1	1	1	2	0	24	24
Infiniti	1	4	1	2	0	0	0	1	0	9	9
Jaguar	1	3	1	2	0	0	0	1	0	8	8
Jeep	3	11	4	4	2	3	2	3	2	34	34
Kia	1	8	3	3	1	1	1	2	1	21	21
Lamborghini	1	0	0	1	0	0	0	0	0	2	2
Land Rover	1	3	1	2	0	0	0	0	0	7	7
Lexus	1	4	1	2	0	0	0	1	0	9	9
Lincoln	1	6	3	2	1	0	0	1	0	14	14
Lotus	1	0	1	0	0	0	0	0	0	1	2
Maserati	1	2	0	2	0	0	0	0	0	5	5
Mazda	1	7	3	3	1	0	1	1	1	17	18
McLaren	0	0	1	0	0	0	0	0	0	2	1
Mercedes-Benz	1	5	1	2	0	1	0	1	0	11	11
Mini	1	2	1	1	0	0	0	0	0	5	5
Mitsubishi	0	5	1	2	1	0	0	1	1	11	11
Nissan	2	12	3	4	1	1	1	2	1	27	27
Porsche	0	3	1	1	0	0	0	0	0	5	5
Ram	4	11	4	4	3	3	2	3	2	36	36
Rolls-Royce	1	1	0	0	0	0	0	0	0	2	2
Scion	4	10	3	4	1	1	1	2	1	27	27
smart	0	2	0	0	0	1	0	0	0	3	3
Sprinter	1	3	1	1	0	1	0	0	0	7	7
Subaru	1	5	2	2	1	2	1	1	1	16	16
Toyota	4	11	3	4	1	1	1	2	1	28	28
Volkswagen	2	7	3	4	1	1	1	2	0	20	21
Volvo	1	4	1	1	0	0	0	1	0	8	8
# of Car lines	66	242	79	102	38	36	34	52	24	672	673
# of Outlets	34	160	49	64	20	23	19	35	16	418	420

NOTE: The difference between car line and outlet figures is the result of outlets that handle more than one car line.