



Employers, remember: All workers who want to vote Nov. 3 must give advance notice, then be granted up to two unpaid hours off. Proof of voting can be requested.

## Employers must ensure that workers are masked

Acting on a fabricated tip, Crystal Lake police in late October visited a new-car dealership there to confirm that employees were not wearing face masks. They were. But even if they weren't, it's not the employees who would have faced fines.

The episode serves as a reminder that it is the employer's responsibility to ensure adherence to the Illinois administrative rule added this year which mandates mask-wearing in businesses that are "open to the public." Employers who do not enforce the mask mandate can face a fine of up to \$2,500.

Illinois Gov. J.B. Pritzker's emergency order issued in August takes a three-step approach to gain compliance with the mandate he signed in May requiring masks to be worn inside all public places. First, businesses will

receive a written warning for failing to comply with the order. If they don't comply, customers would be asked to leave the business for public health reasons. If that still does not work, businesses can be charged with a Class A misdemeanor and receive a fine of \$75 to \$2,500.

Studies have shown that wearing masks can reduce the spread of aerosols by 85%.

The governor said he does not want to punish regular people for not wearing masks, which is why he applied his rule to business owners and not individuals.

There are ways to convince employees to willingly wear masks, as well as solid strategies for settling mask-related issues between co-workers and management. Vanessa Nel-  
SEE MASKS, PAGE 4

## Dealership fundraisers, including some barbecues, help USO mission

Maybe the pomp was largely missing from this year's Barbecue for the Troops campaign, but benevolence was abundant, as about 60 area new-car dealers this year raised more than \$30,000 for the USO of Illinois.

A final sum will be announced in November, as many dealers welcomed online donations throughout October. About half the

participating dealers still managed to host barbecue events on Oct. 3.

Area dealers have raised about \$930,000 for the USO of Illinois in a partnership that dates to 2013, when the first Barbecue for the Troops fundraisers were held. The money is used to help local active and retired military



members and their families.

"Despite these challenging times, it's evident

that dealers want to make a difference," said CATA Chairman Kevin Keefe. "The mentality to help others is deeply rooted within local car dealers, and they're among the first to roll up their sleeves and help when

people need it most.

"While the USO Barbecue for the Troops campaign is just one of many charitable initiatives that dealers support, it's a perfect example of how these local businesses can rally their communities like not many can to all come together around one great cause."

The USO of Illinois serves more than 350,000

SEE USO, PAGE 2

## As holidays approach, offer the right incentives to the right consumers

The latest advanced data technology and targeted marketing resources are poised to potentially make the year's final quarter the most wonderful time of this very strange year for auto dealers.

2020 began with auto sales expected to approach the 17-million mark. Projections dipped to 8.74 million in April with the rapid and widespread shut-downs from the COVID-19 pandemic but climbed back to 15.18 million by August.

### Holiday shopping

Auto dealers and lenders have felt the sharp back-and-forth swings of the pandemic economy and are hoping to ride upward momentum heading into the final stretch of 2020. As part of this, gearing up for year-end sales and incentive-fueled holiday shopping promotions are sure to be a big part of the game plan.

Overall, retail forecasters predict a 1% to 1.5% increase in total U.S. consumer spending from Nov. 1 through January, and a 35% bump in seasonal online sales.

Dealers are hoping to grab a piece of that by leveraging the right target-marketing data resources. With unemployment rates at an all-time high, it is important to understand a potential buyer's household income and discretionary spending so that the right incentives are offered to the right consumers.

New target-marketing data resources help dealers better identify consumers

who are likely to be ready to take on new financing for an auto loan or lease.

Those resources also can better match those consumers to vehicles that dealers have in supply, based on how many such models consumers likely will be able to afford. This is important because dealers and their marketing partners must re-evaluate their strategies in 2020 to better align with changing consumer needs and financial capacities.

The COVID-19 pandemic certainly slowed economic growth, but in a way that's different from past recessions. This year, consumers have been impacted in different ways during the pandemic. While some have increased savings and lowered debt, others have lost their jobs or experienced salary reductions.

Financial durability has become an important way to segment the economic health of households within the same credit bands. It considers a consumer's assets, income from dividends and interest, retirement income and the relationships between income, debt and spending.

Today's sophisticated economic anonymized marketing data resources tap this information to help dealers make better and more precise decisions when putting an incentive-driven offer in front of a specific customer.

Median credit scores, revolving credit utilization, monthly disposable income and debt-to-income ratios all are stronger today than during the Great Recession. Also, household deposits are four

times as high, according to Equifax data from June 2008 to December 2019.

### Programmatic audience marketing strategy

Another way dealers and marketing partners can see a better response from holiday incentives is to shift their traditional media strategy to a programmatic audience approach.

Successful programmatic strategies are based on truly understanding the in-market shopping audience. However, just because a consumer is shopping for a car online doesn't mean she can purchase it.

For example, first-time buyers may have no idea if or what they can afford, and the waters have been muddied further by the pandemic economy. They may be shopping for a vehicle online without knowing whether the payment fits into their budget or if they can get credit.

Dealers and their marketing agency partners need to identify several intent signals, as well as financial capacity to target consumers who have:

- **Income and assets:** an anonymized estimate of household wealth based on data from trusted financial institutions.
- **Discretionary spending ability:** a household's spending power after accounting for the fixed expenses of life.
- **Credit capacity:** estimated ability to obtain credit to purchase a car.
- **Propensity to buy:** interest in your vehicle segment, make or model.

## USO

CONTINUED FROM PAGE 1

active duty and reserve troops and their families via three program areas: USO centers, military family programs, and community connection programs.

USO of Illinois President and CEO Alison Ruble said the funding enables the agency to remain "the 'force behind the forces' by keeping our service members connected to family, home and country throughout their service to the nation."

The CATA Bulletin is produced by the  
Chicago Automobile Trade Association  
18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810

The CATA Bulletin is distributed via blast email every other Friday except during the Chicago Auto Show, when it is not produced.

Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full resume to the Editor.

Review past editions dating to 1998 or search by subject at [www.cata.info/publication/bulletins](http://www.cata.info/publication/bulletins).

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## Online buying up, but in-store transactions predicted to remain dominant

Despite the buzz that online car-buying has garnered of late, the vast majority of consumers still prefer to purchase a vehicle at a local dealership, said Langley Steinert, founder and CEO of CarGurus, an online automotive marketplace.

"I don't subscribe to the idea that the whole (automotive) world is going online," he said during a remote CarGurus conference for its dealer clients who list and advertise their inventories on its site. "That's not going to happen."

Digital auto retailing gained traction last spring when COVID-19 arrived and government mandates temporarily suspended in-dealership vehicle purchases in many states.

Consumer interest in online car buying jumped from 19% in April to 39% in June, according to a CarGurus survey Steinert cited.

Steinert predicts 20% of auto consumers will want to buy a vehicle online, but the rest "will want to buy locally."

That's presumably good news for

dealers who have not made digital retailing a top priority. "They don't need to throw up their hands and say the sky is falling," Steinert said.

Still, "20% is not a small number," he contended, referring to those consumers who he said will prefer remote car buying. "That is not a small trend. It needs to be addressed."

Those online buyers, he predicted, will skew toward younger people ages 28 to 35. "They would say, 'Yeah, I'll do that as long as there's a 7-day money-back guarantee.'"

In a good year, combined new- and used-auto sales in the U.S. can exceed 56 million units. Various sources predict 2020 new-vehicle sales of about 14 million and used-vehicle sales of 36 million in the U.S., making this an automotive off-year because of COVID-19's economic effects.

Despite that, "Consumer demand we've seen on our site is more robust than I expected," Steinert said, adding it's particularly the case with used cars. But he cited shopping-level differences between higher- and lower-income

groups.

"(Shopping for) higher-end used cars (\$20,000 and above) is robust, but it's quite the opposite for those below \$20,000," he said. "That's because lower-income consumers were harder hit economically by COVID. Sadly, it's a tale of two cities."

CarGurus is among a number of third-party providers that make money by listing inventories and forwarding leads to dealer clients. (DriveChicago.com, owned and operated by the CATA, is free to association members, and non-members have no presence on the site.)

But expect budget-conscious dealers to cut back on the number of lead aggregators they use, Steinert said.

"Dealers will consolidate their options. They will probably go to two. Three, four and five will be dropped. It doesn't make sense to carry five inventory-listing (fee-charging) providers."

The providers with the largest audience and which offer the best customer experience "win the war," he said.

## NADA names Stanton new association president; 2021 officers elected

Mike Stanton, who has served since 2018 as the National Automobile Dealers Association's chief operating officer, will ascend to NADA president on Jan. 1.

The current president, Peter Welch, announced his retirement earlier this year and will lead the association for the remainder of 2020. Welch has held the post since 2013.

"The NADA is a great or-

ganization representing one of America's most important industries," said Stanton, 52. "It is an honor to be chosen for this role, in this pivotal time for dealers, and I am excited to get started."

The NADA's 63-member board of directors on Oct. 20 also elected Paul Walser as its 2021 chairman and Michael Alford as vice chairman.

"I'm humbled by the continued confidence of my

fellow dealers," said Walser, who represents Minnesota's new-car dealers on the NADA board. "I promise to do the very, very best I can, and I will be looking for a lot of hand-raisers, because this will be a team effort all the way."

Walser, 65, who currently serves as NADA vice chairman, will succeed Rhett Riccart. Floridian Tom Castriota was elected as secretary, and

Gary Gilchrist from Washington will serve as the 2021 treasurer.

Stanton currently oversees daily operations of the association. He previously served as vice president and chief operating officer of the NADA Used Car Guide, which was sold to JD Power in 2015. Stanton also had several roles with the NADA's industry relations team advocating for dealers.

*Tune in ...*

... to "Drive Chicago," the CATA's automotive radio show, 8-9 a.m. Saturdays and 6-7 p.m. Sundays on WLS-AM 890.



## Year's sales down 19% after 3rd quarter, NADA reports in analysis

Through 2020's first three quarters, new light-vehicle sales were down 19% relative to the same time period in 2019, the National Automobile Dealers Association announced in an analysis of U.S. auto sales and the economy following the third quarter of 2020.

Raw sales volume in September totaled 1.34 million units, an increase of 6.1% compared to September 2019; the increase in September's volume was due, at least in part, to the inclusion of the Labor Day sales weekend and two additional selling days compared to the same month in 2019.

"While we have continued to experience a steady recovery for new-vehicle demand year since the lows of April, vehicle sales have remained

depressed compared to 2019 given a variety of factors including inventory," said NADA chief economist Patrick Manzi.

September's SAAR registered 16.3 million units, the first time sales have topped 16 million units since February 2020. However, this is a decline of 4.3% compared to September 2019."

Despite a decline for all car segments, sales of pickups, SUVs and crossovers all posted gains relative to this time last year. In the first three quarters of 2020, three out of every four vehicles sold were light trucks.

The NADA sees strong retail sales despite an environment with falling manufacturer incentives, after peaking in April at \$4,981 per unit. J.D. Power estimates

that average incentive spend per unit will drop to \$3,964, the first time since June 2019 when incentives have fallen below \$4,000 and down about \$300 compared to September 2019.

Interest rates also have decreased, while average monthly payments have increased. According to J.D. Power, the average interest rate on new-vehicle financing was 4.4% in August 2020, down a little over 100 basis points compared to August 2019, but up by 80 basis points from April 2020's low of 3.6%. The average monthly payment on a new-vehicle finance contract was \$582 in August 2020 — up \$18 compared to August 2019.

Inventory continues to be a concern for dealers; nationwide, franchised dealer in-

ventory was 2.66 million units at the end of September — up 3.6% compared to August 2020 but down 26.7% compared to September 2019. Dealers now have an average 50-day supply of inventory — down one day from August 2020 and 16 days compared to September 2019.

On the production side, North American light-vehicle production is expected to be 1.36 million units, roughly flat compared to September 2019, according to Wards Intelligence. North America production for the entire year is on track to total 13.4 million units — 20.2% below 2019's 16.8 million.

Consumers who took lease extensions in March, April and May are expected to be returning to the new-vehicle market in

the next few months, which should be a positive boost for sales in the final quarter of the year. While retail demand is expected to continue to recover the remainder of the year, fleet sales will continue to be depressed relative to 2019 volumes.

However, the NADA sees possible improvement in fleet demand in the fourth quarter of 2020.

At the onset of the pandemic, the NADA reduced its initial 2020 light-vehicle sales forecast of 16.8 million units to 13 million to 13.5 million units.

"Given the better than expected recovery in the new light-vehicle market, we estimate 2020 new light-vehicle sales to be higher, reaching 14.1 million units," Manzi added.

## Masks

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son, author of "101 Costly HR Mistakes," said she advises all her clients to make wearing a mask part of the official company dress code.

"It's just like saying an employee must wear a name badge," she said.

Nelson said communications can't be overdone when it comes to mask policies or expectations around personal

behavior. She suggested that HR professionals send out written guidance that asks all employees to sign off on mask-wearing requirements.

Employers also should give employees with bona fide medical issues information about opting out of a mask mandate.

"It is important for employers to consider ADA (Americans with Disabilities Act) requirements when dealing with employees who state

they can't wear masks due to medical issues," Nelson said. "In most cases, medical documentation may be required.

"Additionally, employers should develop, discuss and distribute a civility-and-respect-in-the-workplace policy to ensure that employees are kind to one another and that verbal communications remain civil at all times."

In businesses that are open to the public, individuals must wear face cover-

ings when they are unable to maintain a 6-foot social distance from others. Businesses also can be subject to penalties for hosting gatherings of more than 50 individuals.

Dealerships and other "public" places must enforce mask-wearing. Conversely, a manufacturing facility, generally speaking, is not bound by the dictate because it is unlikely the general public is milling around its premises.