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Supreme Court hears vaccination suits

The Supreme Court held a special session on Jan. 7 to consider two challenges to the Biden administration's workplace vaccine requirements.

The first one challenges the rule that private employers require workers to be vaccinated or wear masks on the job and submit to weekly testing, and the second challenges the administration's rule that employees at health care facilities receiving Medicare and Medicaid funding be vaccinated.

The vaccine rules affect up to 100 million workers.

The clock is ticking for the justices. In an unusual move, the court said it would speed on the two measures.

The Biden administration has said it would start requiring compliance with the healthcare worker policy on Jan. 10, though companies would have until Feb. 9 to set up testing programs. In the states where this regulation has not

been blocked, workers are required to be fully vaccinated by Feb. 28.

Employers are currently unsure how to proceed, with some concerned about losing staff in a tight labor market if they impose vaccine or testing requirements, said Todd Logsdon, a lawyer based in Louisville, Kentucky who represents companies on workplace safety.

"The quicker they can issue the decision the better," Logsdon said of the Supreme
SEE **VACCINE**, PAGE 3

Average used-car price climbs to nearly \$30,000

When the government reported Dec. 10 that consumer inflation rocketed 6.8% in the 12 months that ended in November — the sharpest jump in nearly 40 years — the biggest factor, apart from energy, was used vehicles. And while the rate of increase is slowing, most experts say the inflated vehicle prices aren't likely to ease for the foreseeable future.

The blame can be traced directly to the pandemic's eruption in March 2020. Auto plants suspended production to try to slow the virus' spread. As sales of new vehicles sank, fewer people traded in used cars and trucks. At the same time, demand for laptops and monitors from people stuck at home led semiconductor makers to shift production from autos, which depend on such chips, to consumer electronics.

When a swifter-than-expected economic re-

SEE **PRICES**, PAGE 3

BMW turns to US military to recruit potential technicians to fill ranks

The first class has graduated from the East Coast version of the 16-week BMW Military Service Technician Education Program, part of an industry-wide effort to keep up with the urgent demand for automotive technicians.

The newest version of the BMW program trains military service members at a U.S. Army base in Fort Bragg, North Carolina, starting shortly before discharge, and helps them find civilian

jobs as technicians at BMW dealerships in the U.S.

About 39,000 new service techs graduate from U.S. technical colleges and training programs in an average year, the National Automobile Dealers Association said. But the NADA said the industry needs 76,000 techs annually.

That's about 29% of the total number of U.S. technicians needed to replace those who quit or retire every year.

As vehicles in operation increase, that generates even more demand for technicians, the NADA said.

BMW of North America and Universal Technical Institute, which performs the actual training, initially launched the BMW military training program in 2018 at Camp Pendleton, a U.S. Marine Corps base in Southern California. The first class there graduated in 2019.

SEE **TECHNICIANS**, PAGE 3

Car shortages could forever change car-buying behavior

The annual year-end sell-a-thons by car dealerships have turned into wait-a-thons for many shoppers unable to find the vehicle they want on dealer lots. But that could be about to change as some dealerships modernize the way they sell their cars.

Why it matters: Supply chain disruptions could have a silver lining for automakers if Americans can be trained to order the exact car they want — color, features, bells and whistles — and then wait a month or so for it to be delivered.

It is how Europeans have been buying cars since World War II, when money and materials were in short supply and factories were struggling to recover. But Americans are accustomed to going to the dealership and driving off the lot in a shiny new car.

Some companies say they plan to capitalize on the inventory crunch to permanently shift to an order-based system, starting with their new lineups of electric vehicles. Ford, for example, is trying a build-to-order scheme with its new Mustang Mach-e, which is in high demand. And Ford is offering a \$1,000 discount to customers who pre-order any vehicle.

“You cannot imagine ... how much money we waste by not — by guessing what our launch mix is for a new product,” Ford CEO Jim Farley told investors and analysts in October. A build-

to-order model, he said, is a far more efficient way to run the business.

Between the lines: Filling lots with large numbers of cars, trucks and SUVs is a huge drain on profits for both dealers and automakers. Dealers have to cover the cost of financing all those cars sitting around, waiting for a buyer.

And automakers usually wind up producing more cars than they need to, in hopes of satisfying every shopper’s desire. That means more parts, more labor and more cost. Inevitably, though, they end up spending more on advertising and incentives to clear out the slow sellers.

Automakers have tried before to switch to a build-to-order model, with little success. “Americans have no patience. We’re too impulsive,” said Michelle Krebs, executive analyst at Cox Automotive. “Right now, we’re in an unusual situation, so people are putting their dibs in,” said Krebs.

That doesn’t mean it’s a new business model.

It’s been a hard lesson for newcomers like Polestar, the Swedish electric car manufacturer spun off from Volvo, which had to tweak its U.S. strategy. It had planned to deliver customer-ordered vehicles to stores, which would carry no vehicles on their lots. But franchised Polestar dealers discovered impatient buyers wouldn’t wait, and they risked losing sales to competitors.

Schools await ’22 auto show ‘adoption’

In dealers’ efforts to promote community loyalty and goodwill, they no doubt have considered many possibilities. They also are well aware that today’s high school students are tomorrow’s automobile consumers. That’s why the Chicago Automobile Trade Association created the Adopt-A-School Program.

What better way is there for a dealer to attract future customers than to sponsor an auto show visit for students from the local high school? And this year the Adopt-A-School program has been expanded. Dealers can show kindness to schools in their communities and to schools in communities that are underserved.

Adopted groups can obtain tickets at a discounted rate of \$10 each. The tickets can be used Monday-Friday, Feb. 14-18 and Feb. 21, and complimentary tickets will be provided for chaperones (1:10 ratio). And thanks to the cooperation of Savor...Chicago at McCormick Place, student groups will receive discount coupons for food. Pre-paid vouchers are available for \$9 lunches but must be ordered by Jan. 28.

For further information and to adopt a school, call Roxanne Sammarco, the Chicago Auto Show’s group ticket sales coordinator, at (630) 424-6060.

Discounted auto show tickets

Tickets and coupons that admit the holder to the 2022 Chicago Auto Show free or at a reduced price can be ordered by CATA members using the order form posted at www.cata.info/assets/1/7/2022_MEMBER_FORM.pdf.

The passes promote goodwill with customers and even can help persuade a prospect to close a deal. Two kinds of passes are available, General Admission tickets and Weekday Discount coupons. The former, which costs CATA members \$7 each for a minimum 100 tickets, admits the holder to the auto show free, without a box-office wait. The coupon costs members \$100 for 100 and admits the holder for \$10 during the week.

Regular admission is \$15.

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

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Technicians

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Including the half-dozen recent Fort Bragg graduates, the military program since 2019 has graduated a total of 106 rookie BMW technicians nationwide, said Gary Uyematsu, national technical training manager.

Around the country, lots of technician training programs recruit ex-military

trainees. What distinguishes the BMW program is that classes are offered directly on the U.S. military bases, according to BMW of North America. With permission from their commanding officers, participants can even complete the program while still on active duty, BMW said.

The BMW Military STEP program is open to military

members whose honorable-discharge date falls within six months of a class start date, the company said. Preference is given to candidates with a relevant military specialty, like wheeled-vehicle mechanics, technology, or avionics, or who have other prior experience as an automotive technician.

BMW said its U.S. retail channel, with 350 dealer-

ships, has more than 7,000 technicians. But like the rest of the auto retail industry, new technicians are in big demand because of turnover, and because Fixed Operations is so important to overall dealership profitability.

Uyematsu said that historically, BMW's technician turnover rate in the U.S. market is just under 20% on average.

Prices

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bound boosted demand for vehicles, auto plants tried to restore full production. But chip makers couldn't respond fast enough. And rental car companies and other fleet buyers, unable to acquire new vehicles, stopped off-loading older ones, thereby compounding the shortage of used vehicles.

Bleak as the market is for used-car buyers, the computer chip shortage has also driven new-vehicle prices higher. The average new vehicle, Edmunds.com says, is edging toward \$46,000.

Even so, prices of used cars are likely to edge closer to new ones. Since the pandemic started, used vehicle prices have jumped 42% — more than double the increase for new ones. Last month, the average used-vehicle price was 63% of the average new-vehicle cost. Before the pandemic, it was 54%.

At this point, used-car dealer Jeff Schrier has to tell lower-income buyers that he has very few vehicles to sell them. "What used to be a \$5,000 car," he said, "is now \$8,000. What used to be \$8,000 is now \$11,000 or \$12,000."

Including taxes, fees, a 10% down payment, and an interest rate of around

7.5%, the average used vehicle now costs \$520 a month, even when financed for the average of nearly six years, Edmunds calculated.

Ivan Drury, a senior manager at Edmunds, said that while he doesn't track used-vehicle prices relative to household income, he thinks November marked a record "in the worst way possible for affordability."

Monthly payments for the average used vehicle, he noted, were \$413 two years ago, \$382 five years ago and \$365 a decade ago. The November average payment of \$500-plus for a used vehicle, Drury said, is about the average that was needed five years ago for a new vehicle.

New-vehicle dealers have about 1 million vehicles available nationally — scarcely one-third of the normal supply, said David Paris, a senior manager at J.D. Power. And the vast majority have already been sold.

Given pent-up demand from consumers, prices for new vehicles are expected to remain historically high until the supply returns to around 2 million or 2.5 million and automakers resume discounting, which could take well into 2023. Once new-vehicle prices do ease,

the pressure on used-vehicle prices would eventually follow.

Yet even after that, the availability of vehicles will be tight because traditional sources of used vehicles — autos turned in from leases and trade-ins or sold by rental companies — have essentially dried up.

For the past decade, cars returning from two- and three-year leases were a leading source of almost-new used vehicles. But that was when more than one-third of U.S. new-vehicle sales were leases, a figure now down to 22%, said Edmunds' Drury. Because there aren't many new autos, people with expiring leases often are buying those cars once their leases end.

Rental companies, another key source of late-model used cars, can't buy new ones now and are holding the ones they have. Some rental companies are even buying used vehicles. Given all those factors, Paris expects the shortage of used cars to worsen through 2024.

Among the few consumers who stand to benefit are those who want to sell a used car and don't necessarily need to replace it. The average trade-in value in October, Paris said, was \$9,000, twice what it was a year earlier.

Vaccine

CONTINUED FROM PAGE 1
Court.

The Occupational Safety and Health Administration issued the vaccine-or-test mandate on Nov. 5. It requires all employers with more than 100 employees to mandate that those employees be either fully vaccinated against COVID-

19 or be tested weekly and wear masks at work.

The White House has pointed to OSHA's authority to issue emergency workplace rules for up to six months to protect employees from "substances or agents determined to be toxic or physically harmful or from new hazards." That authority gives OSHA the responsibility to act, the administration has said.

Franchised New-Car Dealers in the 8-county CATA area as of 1 January 2022

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] 7/1/2021	Total [present] 1/1/2022
Acura	1	4	2	3	0	0	0	1	0	11	11
Alfa Romeo	1	3	0	1	0	0	0	1	0	6	6
Aston Martin	0	1	0	1	0	0	0	0	0	2	2
Audi	1	3	1	2	0	1	0	1	0	8	9
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	2	28	28
Cadillac	0	8	2	2	1	0	1	1	0	15	15
Chevrolet	3	15	5	6	4	4	6	4	2	49	49
Chrysler	3	11	5	4	3	3	2	3	2	36	36
Dodge	4	11	5	4	3	3	2	3	2	37	37
Ferrari	0	0	1	1	0	0	0	0	0	2	2
Fiat	0	3	0	1	0	0	0	1	0	5	5
Ford	3	13	6	7	3	4	5	4	2	47	47
Genesis	2	5	2	2	1	1	0	1	0	16	14
GMC	1	9	1	4	3	1	2	2	1	24	24
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	5	4	3	3	2	3	2	36	36
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	1	0	8	8
Lexus	1	4	1	2	0	0	0	1	0	9	9
Lincoln	1	5	3	2	1	0	0	1	0	13	13
Lotus	1	1	0	0	0	0	0	0	0	2	2
Maserati	1	3	0	2	0	0	0	0	0	6	6
Mazda	1	7	1	3	1	0	1	1	1	16	16
McLaren	1	0	0	0	0	0	0	0	0	1	1
Mercedes-Benz	1	5	1	2	0	1	0	1	0	11	11
Merc-Benz Vans	1	3	1	1	0	1	0	0	0	7	7
Mini	0	3	0	1	0	0	0	0	0	4	4
Mitsubishi	0	4	1	1	1	0	0	1	1	9	9
Nissan	2	12	2	4	1	1	1	2	1	26	26
Porsche	1	3	1	1	0	0	0	0	0	5	6
Ram	4	11	5	4	3	3	2	3	2	37	37
Rolls-Royce	1	1	0	0	0	0	0	0	0	2	2
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	21	21
Volvo	1	5	0	1	0	0	0	1	0	8	8
# of Car lines	62	237	74	98	39	36	33	53	21	658	655
# of Outlets	34	164	46	62	20	24	19	36	16	419	419

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