



New light vehicles post first sales gain in 6 months

New light-vehicle sales in October saw their first month-to-month gain since April. The October 2021 SAAR totaled 13 million units, down 20.8% from October 2020 but up 6.3% from one month earlier.

October sales began with the lowest inventory levels on record, at 972,000 units, and the low inventory continues to keep sales rates below current market demand. October's month-end inventory levels did not show significant change from September. In this tight market, OEMs continue to prioritize retail deliveries over fleet deliveries. According to J.D. Power, fleet sales accounted for just 13% of new-vehicle sales in October.

Light-truck market share last month topped 80% for the first time, representing 80.2% of all new light vehicles sold. Through the first 10 months of the year,

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Blocked for now, Biden administration's vaccine-or-test mandate for workers faces uncertain future

The White House on Nov. 8 said businesses should move forward with President Joe Biden's vaccine and testing requirements for private businesses, despite a federal appeals court ordering a temporary halt to the rules.

The U.S. Court of Appeals for the 5th Circuit, considered one of the most conservative appellate courts in the country, halted the requirements Nov. 6 pending review, writing that "the petitions give cause to believe

there are grave statutory and constitutional issues with the Mandate."

Five state attorneys general and several companies argued that the requirements exceed the authority of the Occupational Safety and Health Administration, which will enforce the mandates.

In its Nov. 8 response, the Biden administration asked the court to lift the pause, dismissing the states' and companies' claims of harm as "premature" given that the

deadlines for vaccination and testing are not until January. The administration claimed that pausing the requirements "would likely cost dozens or even hundreds of lives per day" as the virus spreads. The Labor and Justice Departments also argued that OSHA acted within its authority as established by Congress.

The court-ordered pause came a day after the requirements went into effect,

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FTC adds requirements to 2001's Safeguards Rule

The Federal Trade Commission has issued its long-awaited, final amendments to the FTC Safeguards Rule. The amended Rule, adopted by a 3-2 vote along party lines, contains a significant number of new and expanded procedural, technical, and personnel requirements that financial institutions, including dealers, must satisfy to meet their information security obligations.

The new requirements include:

(a) developing and implementing specific components of an information security program, such as access controls, authentication, and encryption; and

(b) requiring actions related to the program's accountability, such as hiring or retaining "qualified" personnel and conducting periodic reports to the financial institution's governing body.

Since the amendments were proposed, The National Automobile Dealers Association's regulatory affairs division presented to the FTC two sets of extensive written comments that challenged the need for and the practicality of many of proposed amendments and urged the FTC to conduct a cost-

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Mandate

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starting the countdown for businesses with 100 or more employees to ensure their staff have received the shots required for full vaccination by Jan. 4. After that date, unvaccinated workers must submit a negative Covid-19 test weekly to enter the workplace. All unvaccinated workers must start wearing face masks indoors at their workplaces starting Dec. 5.

The ETS requires:

- establishing, implementing and enforcing a written Mandatory Vaccination Policy with an exception for employers that instead establish, implement, and enforce a policy allowing employees

who are not fully vaccinated to elect to undergo weekly COVID-19 testing and wear a face covering at the workplace (OSHA has provided sample [Mandatory Vaccination Policy](#) and a sample [Vaccination or Testing and Face Covering Policy](#); and

- determining the vaccination status of each covered employee;
- keeping vaccination records for all fully vaccinated covered employees;
- providing paid time off for covered employees to get vaccinated and/or to recover from vaccination side effects;
- requiring COVID-19 test results from unvaccinated covered employees every seven days. (There are exceptions

to this requirement based on when covered employees report to a workplace. Dealer employers need not pay for required COVID-19 testing);

- taking specific actions when an employee tests positive for COVID-19;
- requiring unvaccinated covered employees to wear face masks generally while indoors or in vehicles with other persons; and
- allowing most covered employees to voluntarily wear face masks.

OSHA has issued FAQs on the rule. Among other things, the FAQs clarify that:

- For purposes of the 100-employee threshold, a single corporate entity with multiple locations must count all em-

ployees at those locations. For example, a dealership group with five stores with a total of at least 100 employees must comply with the ETS even if some of those dealerships have fewer than 100 employees. With regard to the issue of whether affiliated companies under common control (for example, a chain of dealerships owned by a single parent corporation) must be treated as one employer, the ETS notice states: [T]wo or more related entities may be regarded as a single employer if they handle safety matters as one company, in which case the employees of all entities making up the integrated single employer must be counted.

Safeguards

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benefit analysis on each of them. The NADA's comments included an independent, third-party cost study.

Although the FTC made significant changes and provided important clarifications to the proposed amended rule in response to the NADA's input, many of the amendments will require dealers to adopt new information security measures. While several of the new

obligations may already be in place at many dealerships, others vastly expand what most dealers have developed and will require additional investments in software, technology, and potentially dealership personnel. The challenges involved in the satisfying the new obligations also could increase dealers' liability exposure.

Dealers, as well as their relevant technology vendors, must comply with the new requirements of the Rule within

one year of its Nov. 5 publication in the Federal Register. Several of the new requirements do not apply to financial institutions that maintain customer information on fewer than 5,000 consumers.

The NADA is developing compliance guidance, and dealers are encouraged to reach out to their technology vendors as soon as is feasible to ensure they are taking the necessary steps to comply with the new requirements.

Forecast

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light trucks have accounted for 77.2% of new-vehicle sales. After setting a record in September 2021, average new light-vehicle transaction prices set a new record of just under \$44,000, said J.D. Power. Prices have risen due to limited new-vehicle supplies and reduced OEM incentive spending.

Accordingly, average incentive spending per unit also hit a new record low

of \$1,628. Consumers facing these rising prices have benefited from very strong trade-in values. J.D. Power estimates that the average trade-in value is up 70% year over year.

For the rest of 2021, dealers are expected to continue to sell most of their inventory soon after it reaches their lots as they work their way through their customer order books. Therefore, little change to overall inventory levels is expected before year-

end. Inventory levels should begin to slowly and steadily increase throughout 2022, but likely will remain below

pre-COVID levels. Forecasters expect new light-vehicle sales in 2021 to total about 15.2 million units.

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Consumers say they want dealers part of EV journey. Let's listen

By MIKE STANTON

NADA PRESIDENT, CEO

In the coming years, we will see a phenomenal uptick in the number and type of battery-electric cars and trucks that are purpose-built for a multitude of American car buyers, and widely available for sale across the country.

With all of the buzz about EVs — including pledges from just about every automaker to transition their fleets to electric as quickly as possible — you'd be forgiven for thinking that day has already arrived. It hasn't. Not yet.

Make no mistake: We are well on our way to a much more electrified transportation future, and that is a great thing. But while EV sales have grown considerably just within the last year, they still make up a very small percentage of overall new-vehicle sales.

Consumers continue to opt for ICE vehicles with little hesitation, and there are good reasons for that. Still, far too little of our analysis of low EV sales focuses on the product side of the equation — or the historic lack thereof, in this case.

Consider this: At the end of 2020, automakers collectively offered 206 different makes and models of gas-powered cars and trucks for sale in the U.S. The number of models of battery-electric vehicles available for sale at the end of 2020? Eleven.

It gets worse the more you break it down. Full-size pickups made up 10% of new-car sales in 2020. The number of ICE models available in that segment was six, compared to zero powered by batteries.

Midsized/large cars accounted for 12% of 2020 new-vehicle sales. There were 20 different ICE-powered midsize/large car models available, versus — again — zero powered by electricity.

Compact and midsize SUVs made up by far the largest share of vehicle

sales in 2020: a combined 35%. Consumers had the choice of 18 models of compact SUVs and 21 models of midsize SUVs with internal-combustion engines — and a grand total of two models of BEVs between these two segments.

Simply put, one of the big reasons consumers aren't yet scooping up EVs in bigger numbers is because, up to now, we haven't given them very much product to choose from.

That is changing, and changing very rapidly. But as we gear up for the influx of new EVs, we run the risk of making another faulty assumption — this time, about what it will take to get mass-market car buyers to feel comfortable and confident about buying their first EV.

There's a sentiment out there that because Tesla, the most successful EV automaker, has chosen to utilize direct sales instead of a franchised dealer model, that we must employ the direct sales model if we want to convert more and more Americans to electric drivetrains. After all, the vast majority of EVs on the road today are Teslas, so it stands to reason that future EV buyers will need to be offered the Tesla experience in order to lure them away from ICE.

The problem is, nobody bothered to ask those future EV buyers what type of sales and service experience they wanted to have. That is, until Escalent asked.

Escalent is a renowned human behavior and analytics advisory firm with deep ties to the U.S. auto industry. Recently, Escalent completed a landmark research project called [EVForward](#), the largest and most comprehensive study ever conducted of future EV buyers.

More than 20,000 legitimate EV intenders and early EV adopters were asked to provide detailed feedback on how they wanted to learn about and experience EVs, how they wanted to purchase EVs, how they wanted to have those EVs serviced, and what kind of vehicles and features they need to see in

order to make the switch to electric.

What Escalent found was astounding. As it turns out, the assumption that future EV buyers want the Tesla direct-sales model is just flat wrong.

Escalent presented these future EV buyers with a de-branded version of the Tesla sales model and had them respond to it. Only 20% preferred the Tesla approach. 23% were neutral. And a full 57% chose the current dealership model.

To take this one step further, when Escalent identified current Tesla owners and asked them what they preferred, only 54% of Tesla owners chose the Tesla approach to selling vehicles.

"The vast majority of future EV consumers are not looking for any dramatic change in the way things are done," said Mike Dovorany, Escalent's vice president of automotive and mobility, and the project lead of EVForward. "Yes, there are certain elements of Tesla's approach that consumers really like. But on the whole, it's far from the definitive way that even Tesla owners want to see things happen going forward."

Consumers indicated quite strong preferences for doing many functions of an EV purchase — including test driving, becoming educated on the vehicle and charging options, completing the transaction, and getting the vehicle serviced — in person.

In a very real way, Escalent revealed that one of the reasons Tesla's experiment with selling direct worked was only because the company just never gave their customers any other choice. And, of course, Tesla enjoys a brand attraction and customer base that is on a different plane than most other automakers.

But now that someone has taken the time to ask consumers what they actually want, it's quite clear that the direct sales model is not the right approach.

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Accurate Office Supply named a CATA Member Partner

Accurate Office Supply is a 4th generation family-owned business serving the greater Chicago area since 1946 and is excited to be an approved CATA Member Partner. We believe that this strategic alliance with the CATA is a great way to align the interests of the CATA, Accurate Office Supply and all the CATA dealer members together.

Our company was founded by our great-grandfather, Randall Krelle, who opened a pen store on West Washington Street near Chicago's near-West Loop. Over the years we have grown and changed with the times. The company today is proudly owned and operated by brothers Joe and Louis Krelle.

At Accurate Office Supply our promise is value through products, service and support.

Value in the products we sell. Our main product offerings are office products, janitorial/sanitation, break room/kitchen and warehouse supplies purchased directly from some of the best names in their industries such as 3M, BIC, Rubbermaid, Sharpie, Swingline, Hewlett Packard and Georgia Pacific. We are dedicated to helping in many areas of your office management and productivity. We sell paper, toner, pens and notepads. We also sell chemical cleaning solutions, bath tissue and coffee. We help with custom stamps

(notary) and specialize in custom marketing materials such as branded pens, notepads, USB sticks and drinkware. Accurate also is a partner with manufacturers that offer specialized print services. There are so many areas where Accurate can help source supplies that move your dealership forward. If you have a need in the workspace, we have products to help.

Value in service. Service to the customer is in our DNA. We have next-day delivery on over 120,000 products with our own drivers and fleet. Our website is designed for the buyer with multiple aids such as search, history and quick lists. If you have an immediate need, stop spinning your wheels, call us directly and talk to a real person who is ready to help. Lastly, if you are an existing customer, you will have your own dedicated salesperson keeping your pricing competitive and helping with any special needs that may surface.

Value through support. There are many vendors to meet your office product needs, but Accurate Office Supply has taken the extra step to align our interests with your interests through the CATA. That is why 2% of all purchases with Accurate Office Supply will go back to support CATA and aid in their efforts to support you, the automotive dealer members.

Q3 '21 jobless claims deflected

One hundred fifty-one CATA dealer members reported a combined 884 unemployment claims during the third quarter of 2021 to Sedgwick Claims Management Services, Inc., which has been serving CATA dealers under various names since 1979. The company's efforts saved those dealers a total of \$4.8 million in benefit charges by contesting the claims.

Sedgwick monitors any unemployment claims against its clients and contests all unwarranted claims and charges. The company counts about 241 CATA dealers among its clients.

Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between 0.675 percent and 6.875 percent of each employee's first \$12,960 in earnings.

The 2021 average unemployment tax rate & new employer rate for Illinois employers is 3.175 percent, or about \$411.50 annually per employee (\$398 in 2020). Rates have been improving since 2012, with a slight increase in 2021. However, rates are expected to increase in 2022 due to depleting state trust fund balances.

"The unemployment tax really is the only controllable tax in business, in that it's experience-driven," said Bruce Kijewski of Sedgwick. An ex-employee's claim affects the employer's tax rate for three years.

For new enrollees, Sedgwick client fees amount to \$2.85 per employee, per fiscal quarter. For the fee, Sedgwick monitors all unemployment claims; files any appeals; prepares employer witnesses for hearings, as necessary; represents the client at any hearings; verifies the benefit charge statements; and confirms the client's unemployment tax rate.

For more information, including how to retain Sedgwick's unemployment services, contact Kijewski at (773) 824-4322 or Bruce.Kijewski@Sedgwick.com.

EVs

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And when 20,000 future EV buyers are saying that they very much want — in fact, demand — for dealerships be a big part of their EV purchase experience, OEMs should embrace their franchised dealer network as the competitive advantage it is.

"What our research showed us is that there are more ways for the legacy

OEMs and dealers to work together on EVs than there are areas where they may conflict," Dvorany said. "If EV adoption is a goal for the manufacturer, there is really strong evidence here that working with your dealer body is going to be a great way to help actually get those vehicles sold."

We couldn't agree more, and we hope that our OEM partners always remember.

In Memoriam

Cary C. Bosak, 61, CEO of the 12-franchise Bosak Auto Group in northwest Indiana, died Nov. 5 after a heart attack.

Part of the third generation of the Bosak family business, Mr. Bosak attended the University of Notre Dame and he returned to the school for all of the football team's home games.

He served on the boards of the Andean High School Foundation and St. Mary Medical Center, and he was a benefactor of the American Heart Association; the Juvenile Diabetes Research Foundation; and the new Dean and Barbara White Community Center, to name a few. His dealerships sponsor youth athletics and raise money for schools, community centers and more.

Mr. Bosak's attitude and work ethic inspired the best from all who worked alongside him. He noted that his professional wins were rarely, if ever, an individual accomplishment, and he made sure celebrating them wasn't, either.

Survivors include his wife, Jennifer; their children Cameron, Carson, Logan and Caden; his mother, Barbara; brothers Skip (John) and Greg; a sister, Theresa; and many nieces and nephews.

Memorials appreciated to the [American Heart Association](#).



IADA President Sander to retire

Pete Sander, who has been president of the Illinois Automobile Dealers Association since 1985 and an employee there since 1975, will retire at year's end, the IADA announced Nov. 5. He will be succeeded by Joe McMahan, the IADA's current director of government affairs.

After graduating from Northwood University in Michigan, Sander began at the IADA as a field representative networking with members. He counts as one of his proudest professional achievements acquiring the land to build a four-story office for the association a few blocks from the Illinois State Capitol.

Sander was elected in 1994 as president of the Automotive Trade Association Executives, the national group of his counterparts in other states. In 2004, he was recognized by Northwood University, for his contribution and dedication to the auto industry. He also has been recognized for his work with the Secretary of State's office in representing dealers' interests on the SOS Dealer Advisory Committee.



And under his tutelage, the IADA-CVR program came to fruition and has been a valuable member service and partnership for the association.

"It has been my pleasure and honor to lead the IADA and be involved with such a dedicated staff to work with and for the many volunteer dealer members who have participated with the IADA over the past 46 years," Sander said. "I thank you for the opportunity."

"With his leadership," said Rick Yemm, the association's 2021 chairman, "the IADA is recognized as one of the stronger state dealer associations in the country as well as in the Springfield association community."

CVR processing webinar Nov. 18

The next CVR Illinois Quarterly Webinar is 10- a.m.-12 p.m. Nov. 18. [Registration](#) is \$49 for customers, \$59 for non-customers.

Topics to be reviewed include:

- How to Process a Lease Buy Out
- Inventory
- Processing a Conversion Title in CVR
- Secure POA VS Sec of State POA
- Changes coming Jan. 1
 - Conversion Title Fee
 - Trade Tax Cap Going Away
 - Electric Plates
 - Title Fee going to \$155
- 90-Day Drive Away Ordering Process and Fee
- Forms Explanation
- Processing an ATV Application on CVR

The presentation will be led by CVR Account Executive Joey White, who has 21 years experience in state regulation processing.

Reminder: \$10,000 cap on vehicle trade-in credits expires Dec. 31

Legislation supported by the CATA and the IADA to remove the \$10,000 cap on first-division motor vehicle trade-ins takes effect on Jan. 1. If a customer makes an advance trade-in of a first-division vehicle that is valued at over \$10,000 and waits until then to use the credit, the customer will be entitled to a full trade-in credit.

Put another way, the value of the trade-in credit is based on the date the credit is used, not the date the vehicle is traded in.