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Dealer-friendly legislation awaits the pen of Illinois governor

SPRINGFIELD — Illinois Gov. Bruce Rauner has yet to act on legislation passed by the state's General Assembly that would improve the dealer-manufacturer dynamic.

Senate Bill 1687 was sent to Rauner's desk on June 29. He has 60 calendar days, until Aug. 28, to sign it or to return it with his veto. If he does nothing, the bill will automatically become a law after the 60-day period.

The legislation forbids a manufacturer from forcing a dealer to substantially alter a dealership twice within 10 years. The term "substantially alter" does not

include routine maintenance, such as interior painting, that is reasonably necessary to keep a facility in attractive condition.

It also would prohibit manufacturers from forcing a dealer to use a manufacturer-designated vendor for building-improvement materials if the dealer can find substantially similar materials at a lower cost.

The bill also would require a manufacturer to consider local factors in the dealer's market area when evaluating a dealer's sales performance as part of the termination process, and it would

halt the manufacturer from exercising a right to buy the franchise from a selling dealer unless several steps are taken.

Further, Senate Bill 1687 would forbid a manufacturer from rescinding sales incentives paid to a dealer whose customer exports a vehicle out of the country, unless the manufacturer can prove that the dealer knew or should have known that the vehicle would be exported.

The bill is backed by the Chicago Automobile Trade Association and the Illinois Automobile Dealers Association.

100 dealerships to host barbecues for USO on July 15

Meteorologists predict weather on July 15 that is favorable for an outdoor barbecue. And that's a good thing, with 100 area dealerships poised to host cook-outs that day to help raise funds for the USO.

Participating dealerships are identified on www.drivechicago.com, with links to each of their websites and Facebook pages. And both the Chicago Automobile Trade Association and the USO have furnished the

dealerships with banners and other items to display outdoors and in their showrooms.

The CATA has worked with many radio, print, television, outdoor and social media partners to develop an aggressive promotional campaign leading up to the barbecues. All proceeds collected at the events will be donated to USO programs that support deployed troops, military families, wounded, ill and injured troops and their

caregivers, and families of the fallen.

The USO, a nonprofit, non-political organization, has for 75 years provided Americans with a tangible way to express appreciation and gratitude for the dedication and sacrifice of the nation's troops and their families.

Some of the planned fundraising activities include car washes, with dealers asking for donations; and on-demand DJs, with donations



made for song requests.

The CATA is eager to report how much money the fundraisers collect.

The CATA also is in the

SEE USO, PAGE 2

Privacy advocates: Regulators need more tools to prevent car cyberattacks

U.S. regulators should do more to ensure data transmitted among vehicles to prevent crashes on the road can't be stolen and used against drivers, privacy advocates cautioned at a federal forum on June 28.

"Privacy issues are incredibly important in connected cars," said Joseph Jerome, policy counsel with the Center for Democracy and Technology. "As we add more and more sensors, more and more cameras, it will lessen our privacy."

As cars become more connected (see related story, Page 4), regulators are looking to safeguard communications involving a range of vehicle advances — from high-tech safety features already in operation to completely self-driving cars expected on the road, perhaps within a few years.

"Consumers should know what data their car is collecting, and who has access to this information," said William Wallace, a policy analyst for Consumers Union, the policy and mobilization arm of Consumer Reports. "Also, consumers' trust is critically important to the broader ac-

ceptance of advanced features — including lifesaving safety systems."

The forum on vehicle privacy and cybersecurity was hosted by the Federal Trade Commission and the National Highway Traffic Safety Administration.

The major stakeholders, including regulators, automakers, software companies, and consumer groups, expressed hope that coming technologies will save lives on the highways. Still, the emerging technology presents unprecedented challenges for automakers to protect against hacking and ensure that customer data doesn't get into the wrong hands.

As currently envisioned, vehicle-to-vehicle data would include very precise information about vehicle size and weight that could be used to extrapolate make and model information, said Jeremy Gillula, senior staff technologist at the Electronic Frontier Foundation. Independent evaluations have shown that vehicles could be hacked, even though regulators tried to design the system to ensure consumer privacy, he said.

"They tried," Gillula said. "We appreciate they put some effort in, but it's not there yet. The system as being talked about today wouldn't protect privacy in any meaningful way."

That assessment was disputed by Christopher Hill, a principal at Booz Allen, a consulting firm that worked with the Department of Transportation in evaluating vehicle-to-vehicle communication protocols. He said security experts concluded that data transmitted through V2V technology would be sufficiently encrypted and limited to protect individuals' identities.

Overall, consumers are excited about the potential to improve highway safety through new technologies, said Carrie Morton of the University of Michigan's Mcity automated-vehicle research center. She said V2V communications are limited to a range of about 1,000 feet, which should limit the hacking risk. Even using basic technology today, a person could take a picture of a license plate and acquire a lot of information about who's driving, Morton added.

Drivers already use services that expose their personal driving and vehicle information, such as Waze, a mobility app where consumers enter their personal commuting information to crowdsource traffic information, Morton said. If they see a benefit, then "they're OK with the trade-off," she said.

But car dealers are hearing concerns about car data collection and privacy, said Andrew Koblenz, executive vice president of legal and regulatory affairs at the National Automobile Dealers Association. Event-data recorders and what happens to personal data from phones that are synced with infotainment systems are among the most common questions asked of dealers, he said. The NADA felt compelled to publish a brochure to answer such common privacy questions.

"We're entering into a new age, where people don't know what the realm of the possibility is with this data," said Jason Carter, a research scientist with Oak Ridge National Laboratory who has worked on vehicle privacy and security. "It's not that they're not concerned, it's that they're not aware of what an adversary can do with the data."

USO

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midst of a monthlong campaign to award the Ultimate Backyard BBQ to someone who submits the top photo or short video to #BBQ4Troops. Real Urban Barbecue will go to the winner's home and prepare a delicious barbecue for 50 people, and the Chicago Blackhawks will send an ambassador to the gathering.

A list of dealerships hosting a barbecue is posted at www.DriveChicago.com.

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Sales down, incentives up, credit scores fall, but don't worry?

Vehicle sales are down, auto-maker incentive spending is up and some consumer credit scores have fallen.

But no need for handwringing, say Mark Scarpelli and Steven Szakaly, chairman and chief economist, respectively, for the National Automobile Dealers Association. That trio of apparent negatives needs perspective, they said this month during an economic briefing with journalists.

The NADA predicts light-vehicle sales of 17.1 million this year, following dealer deliveries of about 17.4 million in both 2016 and 2015.

"Sales have been softening, but the overall outlook is strong," Scarpelli said. "It's critical to remember we've had two back-to-back record sales years."

Szakaly added: "Record sales years do not last forever. We've seen the sales pace come down, as

expected."

Some out-there analysts predict annual sales will plummet to 12 million units after 2020, citing the prospects of fewer Americans buying cars, as ride-hailing and car-sharing services proliferate.

But Szakaly said such doom-and-gloom forecasts are "ridiculous" and fail to account for Americans' propensity for personal-vehicle ownership.

Consumers' desire to own vehicles is "alive and well," said Scarpelli, a Chevrolet and Kia dealer in Antioch. "We see it every day."

Increased incentive spending has reached an average of 10.8 percent, according to ALG. But that doesn't mean automakers are recklessly throwing money around to spur vehicle sales, the NADA representatives said.

"The rising incentive spending is on sedans," Scarpelli said, noting the car segment has fallen in popularity as the market demand for light trucks,

SUVs and CUVs has increased to about two-thirds of the automotive market.

Szakaly described incentive spending as "very specific," adding a time for concern would be if "incentives creep across the board."

On the vehicle-financing front, "we've seen some deterioration in credit scores," but there's no cause for alarm there, he says, citing a couple of positive factors.

One is that people who saw their credit scores fall as a result of unemployment now have jobs and consequently the wherewithal to buy vehicles.

"They are entering the car market as they repair their credit," Szakaly said.

The slight increase in non-prime and subprime levels "is indicative of more consumers entering the market rather than indicative of a rising risk, as some have characterized it."

Neutrals, blues are the future of North American car colors: BASF

Paint and chemical producer BASF predicted recently that neutral car colors such as black, white, silver, and gray would remain popular in the North American region.

Paul Czornij, head of design for BASF's color division, said the rationale could be that people want a car in a color that will appeal to buyers in the used market, but it also could be simply that people like the look of those colors.

However, BASF also expects blue hues to gain traction. The company sees blue as a color representa-

tive of technology and also of nature, both of which the company says are important issues and topics for Americans. Three colors consisting of two blues and a black were chosen as the most representative, with "Undercurrent Blue" highlighted.

"Blue continues to gain strength as an automotive color position, and it has a calming effect and a strong correlation with natural things, which is why we selected Undercurrent Blue as our key color for this region," Czornij said of Undercurrent Blue.

The move toward blue is

even evident in some of the neutral colors. Czornij said that whites have moved from being warmer, "off-white" shades, to cooler, bluer undertones. Other things to look out for in the future are paints with more pearl and metal flake, in part because they highlight aspects of the bodywork nicely.

Also, while neutral tones will be the most popular, Czornij said that where there is color, people will be choosing more saturated hues, so expect to see some richer, bolder paints down the road.

Matte finishes aren't out

either, as Czornij said about 10 percent of the colors they're presenting have a matte finish. He also said this amount is greater than in some years past.

BASF predicts colors for the rest of the world, too, and it's expecting more color variety than the neutrals and blues of North America. For Europe, the Middle East, and Asia, BASF predicts a desire for luxury, new spins on old styles, and individuality. As a result, the colors chosen to represent this broad region include a solid brick color, a matte gold, and a matte green metallic.

OSHA sets new injury, illness electronic reporting date

The Occupational Safety and Health Administration has set Dec. 1, 2017, as the new deadline by which certain dealerships must electronically file their employee workplace injury and illness records. OSHA initially wanted its Form 300A to be submitted electronically beginning July 1, 2017.

Dealerships required to report electronically by filing Form 300A or equivalent include:

- Commercial truck dealerships with 20 to 249 employees at a single “establishment.” “Establishment” is defined by OSHA as a single location where business is conducted or where services or industrial operations are performed.

- Light-duty and commercial truck dealerships with 250 or more employees at a single “establishment.”

Note that light-duty dealerships with fewer than 250

employees at a single “establishment” are required to record workplace injuries and illnesses, but are not required to submit Form 300A to OSHA.

For more information on existing federal injury and illness recordkeeping and reporting mandates, visit the National Automobile Dealers’ injury and illness recordkeeping page, or contact NADA Regulatory Affairs at regulatoryaffairs@nada.org.

Forecast: 1 day your car will know all your habits

Picture this: You’re checking your friends’ Facebook updates on the windshield display screen while your car drives you to the other side of town.

Suddenly, a coupon for a special deal at the Applebee’s a mile ahead pops up because the car remembers you stopped there two months ago. It asks if you’d like to pre-order your two-for-one special so it’s ready when you arrive. Then it sniffs out the spot closest to the front door and parks you.

It’s a scene that could play out in the not-so-distant future.

The average car already produces enough data from the engine, infotainment system and other components to fill an iPhone in less than an hour. As cameras, radar and sensors on self-driving cars begin to gather even more information, carmakers and auto suppliers are expected to sort that information and sell it to marketers eager to cater to your living-room on wheels. By 2030, some forecasts say all that data could have generated as much as \$750 billion.

For now, data generated by vehicles doesn’t leave the automaker (see related story, Page 2), where it is used to monitor performance to improve the next generation — or signal that it’s time for an oil change or other maintenance.

But Ford President and CEO Jim Hackett

spoke in May of a time when Ford could pair global-positioning information with traffic data and work with a company like Starbucks so the car could tell the driver that one location has a four-minute wait, but the Starbucks three highway exits ahead has a shorter wait.

Drivers could order and pay for their Frappuccino before getting in the drive-through line, and it would be ready when they hit the window.

David Ploucha, president and CEO of Allen Park-based Control Tec, a company that works with carmakers to sift through data for the “important” nuggets, sees a future when a repair shop would know that a passing truck needs an oil change, and could “push” the driver a digital coupon.

Ploucha pointed to the GasBuddy mobile app, which already uses a user’s location to find the cheapest gas. He says if GasBuddy could connect with your car so it knew how thirsty it was and how much gas remained in the tank, it could send a push-alert as you approach a station with the cheap gas.

The “digital signature” that identifies your car will track your patterns and remember your habits, just like pop-ups on your smartphone remember you were shopping for sneakers a few weeks ago. “This is no different,” Ploucha said, “than browsing for whatever it is you’re looking for on Amazon.”

Some words matter more to car shoppers

American car consumers are power hungry. Or at least the word “power” appeals to them when they’re vehicle shopping.

That’s according to a new CDK Global analysis of what terms resonate with people as they read car reviews. Those are descriptors most likely to get a potential buyer off a review website and on a dealership’s, a big step toward an ultimate purchase.

“Power” is a high converter across different demographics, including women, Generation X and college graduates. “Truck” is a strong performer among Gen X, college grads and parents, although not so much women.

On the low-performing side, “bigger” doesn’t strike it big with women, and Gen Xers are unmoved by vivid descriptions of a vehicle’s “design.”

Many businesses covet star-spangled reviews, but the study says a vague 5-star review is less rousing than a specific 4-star review. That’s where the importance of words comes in.

The study is the latest installment of CDK’s ongoing data-crunching assessment of what it calls “the language of closers.”

CDK said making subtle word changes can help both dealers and their customers.