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Alfirevich nominated for prestigious Time Dealer of the Year award

Winner to be named Jan. 25

NEW YORK (Oct. 22) — The nomination of John Alfirevich, dealer principal at Apple Chevrolet in Tinley Park, Illinois, for the 2019 Time Dealer of the Year award was announced today by Time.

Alfirevich is one of a select group of 51 dealer nominees from across the country who will be honored at the 102nd annual National Automobile Dealers Association (NADA) Show in San Francisco on Jan. 25. The announcement of this year's 50th annual award was made by Jorg Stratmann, publisher of Time, and Doug Timmerman, president of Auto Finance for Ally Financial.

The Time Dealer of the Year award is one of the automobile industry's most prestigious and highly coveted honors. Recipients are among the nation's most successful auto dealers who also demonstrate a longstanding commitment to community service. Alfirevich, 55, was chosen to represent the Chicago Automobile Trade Association in the national competition — one of only 51 auto dealers nominated for the 50th annual award from more than 16,000 nationwide.

"Starting out in the business, I felt that other dealers had a leg up on me because of their longevity and experience. However, my passion, will and desire to always do the right thing has persevered, motivating me and keeping me wanting more for

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John Alfirevich

USMCA pact could bring auto tariffs

U.S. trade partners and business leaders are hoping the Trump administration will refrain from the auto tariffs that have long been under consideration, but the recent U.S.-Mexico-Canada Agreement on trade may give the administration an extra incentive to add them.

That's because one of the main features of the USMCA is a change to the "rules of origin" for autos: how much of the car must be made in North America for it to be duty-free. In order for those rules to have real teeth,

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State has new way to title flood-area cars

Illinois new-car dealers with vehicles from declared disaster areas now have an easier way to obtain a clean title: by vouching for the vehicles themselves.

The Illinois secretary of state's vehicle services department is scrutinizing title applications for vehicles that were registered in regions in the Carolinas that were flooded last month by Hurricane Florence. Scrutiny of vehicles in Hurricane Michael's more recent path is sure to follow.

Previously, the only way for an Illinois dealer to avoid a salvage title for such a car was to track down whoever owned the car when the flooding occurred and have the past owner declare on a Natural Disaster Disclosure Statement that the vehicle was not affected by the disaster.

The process was even more complicated when dealers obtained vehicles at auction and the identity of the sought-after owner was withheld.

Under a pilot pro-

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Alfirevich

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my dealership, my employees and my community for 35-plus years," nominee Alfirevich said.

Alfirevich, a 1981 graduate of St. Francis de Sales High School, in Chicago, earned a business/marketing degree from Benedictine College in Atchison, Kansas, in 1985, where he received an athletic scholarship to play football.

He began his career in the car business at age 12 at Bob Motl Chevrolet in Chicago, which later would become Apple Chevrolet. The Alfireviches moved the franchise to Tinley Park.

"My father, Joseph, was general manager of the dealership at the time and called me in to perform oil changes and other quick maintenance because of a local mechanic strike that lasted the entire summer," he said. "Since that day, I have worked in every department and started my full-time career at the dealership in 1986."

Today, Alfirevich and his father own the dealership. "I know I'm not unique from the many dealers who learned from the ground up, but I believe I've always had the instincts it takes to run a business efficiently during good times and in bad," he said. Alfirevich furthered his training by attending the NADA Academy in 1990.

"We treat our customers with unpretentious integrity and that will always be a prerequisite for customer interactions in our dealership," he said. "Our philosophy and processes include 100 percent honesty in all our dealings, with open transparency in every transaction."

Alfirevich is very active in the CATA and has served on many advisory boards and committees for the group. In 2015, he was chairman of First Look for Charity, a fundraising event and celebration held the evening before the Chicago Auto Show.

"We raised $3 million to benefit Chicago-area charities that year," Alfirevich said. "I was also instrumental in securing a private room for each of the charities to host their own pre-party for the purposes of additional fundraising."

Year to date, Apple Chevrolet has donated to more than 94 organizations, including the American Legion Auxiliary; the Better Business Bureau Educational Foundation; the Colon Cancer Coalition; Gigi's Playhouse Down Syndrome Achievement Centers; JDRF (Juvenile Diabetes Research Foundation); the Salvation Army; Special Olympics; the USO of Illinois; and many area schools, churches and sports teams.

Alfirevich hosts an annual Barbecue for the Troops at his dealership to benefit the USO of Illinois. "We raise $10,000 each year and invite local veterans and their families for food, fun and a 21-gun salute," Alfirevich said.

"I believe dealers play an enormous role in their communities by donating to many great causes to advance the well-being of their communities," he added.

Dealers are nominated by the executives of state and metro dealer associations around the country. The award is sponsored by Time in association with Ally Financial, and in cooperation with the NADA. A panel of faculty members from the Tauber Institute for Global Operations at the University of Michigan will select one finalist from each of the four NADA regions and one national Dealer of the Year. Three finalists will receive an additional $5,000 for their favorite charities and the winner will receive an additional $10,000 to give to charity.

In its eighth year as exclusive sponsor, Ally will recognize dealer nominees and their community efforts by contributing $1,000 to each nominee's 501(c)3 charity of choice. Nominees will also be recognized on AllyDealerHeroes.com, which highlights the philanthropic contributions and achievements of Time Dealer of the Year nominees.

"It's an incredible honor to recognize these dealers for their business accomplishments and their unwavering commitment to 'Do It Right' by helping others in their communities," Timmerman said. "They are extraordinary auto leaders who care and go the extra mile to give of themselves to make their communities stronger. Ally is proud to support and celebrate their achievements."

Alfirevich was nominated for the Time Dealer of the Year award by both Pete Sander, president of the Illinois Automobile Dealers Association, and by David Sloan, president of the CATA.

Vehicles in US older than ever

Americans are driving vehicles that average more than 11 years old — an all-time high — and that age could approach 12 by the end of the decade, according to government sources.

Data from the U.S. Department of Transportation, the Federal Highway Administration, and the National Household Travel Survey shows that typical vehicles on America's roads have been getting older since about 1980, when trucks averaged about 6.5 years of age and cars just under 7. Its pri-

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NADA chairman disputes projections of future vehicle trends

Speaking to the Automotive Press Association, National Automobile Dealers Association Chairman Wes Lutz on Oct. 9 challenged media narratives that suggest ride-hailing will replace personal vehicle ownership, that self-driving vehicles will be immeasurably safer than human drivers, and that dealers are reluctant to sell electric vehicles.

"Each one of these narratives might sound right," Lutz said in remarks. "But the truth is that each one is built on false or unproven pretenses. And these narratives are put out there by stakeholders (who) have an obvious incentive for them to be true – even if they aren't."

Lutz said one of the biggest false narratives is that ride-hailing services such as Uber and Lyft are less expensive than personal vehicle ownership. In August, the AAA Foundation for Traffic Safety released a study finding that the cost of relying on ride-hailing services as a primary mode of transportation in 20 of the biggest metro areas in the U.S. was, at minimum, more than twice as much as the cost of owning a personal vehicle.

"I have to tell you, I think this was one of the biggest auto industry stories of 2018," Lutz said. "Why? Because it disproves one of the central pillars holding up the argument that people are going to stop buying cars, which is that it's cheaper to use ride-hailing services. But this study shows exactly the opposite of what we are being force fed. It shows that ride-hailing is substantially more expensive than personal ownership, even of a new car.

"And if Uber and Lyft are dramatically more expensive than personal vehicle ownership, then people aren't going to stop buying cars, and the auto industry isn't doomed," Lutz said. "Instead, people are going to continue doing exactly what they're doing now: Owning a car or truck for day-in and day-out personal transportation, and using ride-hailing services when it makes more sense than driving. That's not a revolution. That's an evolution."

Similarly, Lutz said that the case for autonomous vehicles is built upon the premise that self-driving vehicles will be safer than humans.

"The conventional wisdom that has taken hold is that humans aren't good drivers," he said. "But the reality is that humans are phenomenally good drivers.

"Yes," he continued, "there were 37,000 fatalities on the roads last year. But Americans drove more than 3.2 trillion miles. That means nearly 90 million are driven in the U.S. for every motor vehicle death. That's 342 years of driving – 24 hours a day, 7 days a week, 52 weeks a year – between traffic deaths."

"So here are the questions you should be asking automakers, regulators, and safety advocates right now: What technologies are coming online in the next five years that will reduce driving fatalities, and that don't involve removing steering wheels, and brake pedals, and humans?" Lutz said.

The NADA chairman also refuted the narrative that franchised dealers aren't enthusiastic about selling electric vehicles by questioning the assumption that dealers stand to lose out on service revenue.

"First, let me make it abundantly clear: I want to sell anything my customers want to buy, period," Lutz said. "If there's demand for it, I want it in my showroom. In fact, there is nothing I would want to do more than sell every American a new electric vehicle.

"The NADA is not aware of a single study or data set out there that can substantiate the theory that EVs require less maintenance over the long term. And that's because there just aren't enough real-world EV miles out there to study, let alone draw any meaningful conclusions from."

Lutz challenged the automotive press to be more skeptical and probative when reporting on these topics.

"I get it. You can't go to an automotive or a tech conference these days without hearing about the end of personal vehicle ownership," he said. "But I'm asking you: Question the hype, ask for proof, and find out what they're not telling you. The future will work itself out regardless. I just want us to be informed in the meantime."

Vehicles

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or study, in 2009, found that there were far more vehicles younger than 10 years of age on the road than older, but the trend has reversed; as of 2017 data, cars 10 or more years old now outnumber those newer.

Both studies noted fewer 8-year-old vehicles on the road than vehicles aged 9 to 11 years of age. 2017's study expanded that group to 14 years. Less than a third of the vehicles in use today are 5 years old or newer, while less than 1 percent are 25 years of age or older.

The trend does not exclusively affect poorer buyers, however. While the average age of a vehicle owned by a household making $25,000 annually or less rose from 11.9 years to 13, and the vehicles of those who earn between $25,000 and $49,999 jumped from 10.2 years old to 11.5 years.

Households earning above the $50,000 line that saw the age jump the most, rising an average 1.6 years. The average age declines correspondingly with increasing amounts of income.

Why the increase? One factor is reliability, which generally has increased over time, starting in the 1980s. Another to consider is the rising price of new vehicles.

2019 model incentives seen increasing to beat used-vehicle demand

As the auto industry transitions to 2019 models, used-vehicle inventory is incentivized to make way for new stock. But used-vehicle demand this year could outpace available inventory, said Jonathan Banks, vice president of vehicle valuations and analytics at J.D. Power.

The goal is to have a "smooth transition" into the new year when the 2018 model goes away and the 2019 models come in to boost new-vehicle sales, Banks said. "Ideally," he said, "the 2019 model should sell slightly higher than the 2018 model did at the same time last year because incentives naturally go up on a vehicle."

The hope is that 2019 models have been incentivized enough for consumers to want to buy one because it's just slightly more expensive than last year's used model. However, OEMs with inventory issues are carrying the 2018 models "longer than they should," Banks said.

From there it becomes a vicious cycle in which the OEM needs to put more incentives on new vehicles to bring the price closer in-line with last year's model.

"Consumers will wonder why they should buy a new car when they can get a 2018 model," he said.

The disconnect is a big factor that J.D. Power monitors, especially when OEMs are revealing new-year models and the prior model year heads toward its close.

"If 2018 models are everywhere, then consumers will want those, and that causes a huge problem," Banks said, adding that OEMs need to manage that slowdown to make a good transition to the new year.

Disaster

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gram started this month, the secretary of state will permit an Illinois franchised dealer to inspect for water damage any vehicle shown in the National Insurance Crime Bureau's database to be registered in a ZIP code known to have suffered flooding or another disaster. Upon inspection, if the dealer believes the vehicle to be not damaged, the dealer can complete an Affidavit in Lieu of Natural Disaster Disclosure Statement and apply for a clean title.

"The old process was unreasonably difficult for dealers and just caused extra work for (secretary of state employees) without real benefit," said Ernie Dannenberger, director of the Illinois secretary of state's vehicle services department. "We know that new-car dealers don't deal in flood cars."

The secretary of state's heightened scrutiny of vehicles from flooded ZIP codes continues for 12 months after a storm, meaning such examination for flooding of vehicles from ZIP codes impacted by last year's major hurricanes, Harvey and Irma, only recently eased.

Dealers sued for fake recall notices

A group of car dealerships and their president and vice president have settled Federal Trade Commission allegations that they mailed more than 21,000 fake "urgent recall" notices to consumers in 2015 and 2017, to lure them to visit their dealerships.

The FTC also agreed to a settlement with a California-based marketing firm and its owner that, according to the complaint, designed the fake recall notices and worked closely with the dealership defendants to send them.

The dealerships operate as Passport Toyota and Passport Nissan of Alexandria, Va., and Passport Nissan of Marlow Heights, Md. The marketing company, Temecula Equity Group, LLC, does business as Overflowworks.com.

According to the FTC, the vast majority of the vehicles covered by the notices did not have open recalls, suggesting that some actually did. The court orders settling the FTC's charges bar all of the defendants from such deceptive conduct in the future.

USMCA

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according to trade experts, they may need to be accompanied by the tariffs.

The USMCA would require that 75 percent of a car be made with parts sourced from North America in order for it to qualify as made in America and avoid the tariff. That's up from 62.5 percent under the old North American Free Trade Agreement, which USMCA would replace. Anything less than 75 percent and the car would lose its advantage under Most Favored Nation trade status and manufacturers would have to pay an additional 2.5 percent in taxes on each one.

That tariff would cut into the profits of companies that source parts outside of the U.S., but might still be worth it if the cost of complying is even higher, which it easily could be, said Phil Levy, senior fellow of the Chicago Council on Global Affairs. That is, companies could simply choose to pay the tariff. That calculus would change, though, if the Trump administration also adds the additional auto tariffs, expected to total around 25 percent, that the Commerce Department is long past due to report on.

Having both tariffs in effect would provide a much stronger reason to abide by the rules of origin.

"Suppose you were told to get a $100 repair to your car, but if you don't, the fine is $5. You're gonna pay the fine. This is the equivalent of that. … The penalty for not meeting the rules of origin is pretty small," Levy said. "But if they go ahead with the [additional] tariffs then the difference could be huge."