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DriveChicago.com enhancement means more traffic to dealer sites

A recent update to DriveChicago.com is resulting in a massive increase in the number of visitors that the web portal is sending directly to CATA member dealer websites. With this recent change, DriveChicago.com visitors who are searching for a vehicle are sent directly to a dealer website when clicking on a vehicle listing. This is resulting in 6,000-10,000 dealer website referrals from DriveChicago.com per month.

Until a few months ago, DriveChicago.com relied on traditional email leads, phone ups, and website clicks to send visitors to CATA member dealer websites. With this change, DriveChicago.com gets out of the way and sends that visitor to a dealer's website, directly to the vehicle details pages.

"This is probably the most effective enhancement ever made on DriveChicago.com," said Richard Wickstrom, DriveChicago.com committee chairman. "By sidestepping the traditional vehicle details page and tired old email lead format, DriveChicago.com sends thousands of customers directly to CATA dealers. Many dealers are seeing more than 100 digital visitors per

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AG sues area dealer over advertising practices

The Illinois attorney general's office is suing a north suburban Chicago dealership for unfair and deceptive advertising and business practices, the office announced Aug. 12.

The dealership, which six years ago entered into an Assurance of Voluntary Compliance with the AG's office over another matter, faces extensive civil penalties over the recent alleged practices.

Attorney General Kwame Raoul said the dealership violated its AVC by continuing to engage in acts or practices that violate the law, and the lawsuit seeks to rescind all contracts entered into with consumers when unlawful methods were used. The dealership also would have to pay full restitution to the customers.

"(The dealership) knowingly and repeatedly took advantage of people through deceptive advertising — even after entering into an agreement with the attorney general's office to stop using unlawful practices," Raoul said. "I am committed to seeking enforcement against businesses and individuals who violate the law to take advantage of Illinois consumers."

Raoul alleges the dealership further violated the Illinois Consumer Fraud and Deceptive Business Practices Act by deceptively using fake checks and coupons in its advertisements, failing to disclose a consumer's potential responsibility for negative equity on a trade-in, failing to promptly pay off a loan on a traded-in vehicle, and adver-

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Most auto brands to sell in US since WW II

With its Lucid Air set to go on sale in the coming model year, Lucid Motors, a California-based EV maker, plans to unveil its first production model during a web event in September.

The startup is just one of a long list of new brands hoping to crack the U.S. market during the next several years, a list that also includes the likes of Fisker, Lordstown Motors, Faraday Future, Bollinger, Vantas, BYD, Great Wall and others.

The U.S. automotive market has long been a relatively closed club. While a handful of new brands have pried open the door in the past half century, far more have either shut down or walked away. But if even a fraction of these new entrants actually makes it into showrooms, American buyers

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Auto safety standards facing Office of Inspector General's audit

After more than 36,000 people were killed in U.S. traffic accidents in 2019, the Transportation Department's Office of Inspector General said Aug. 11 that it would audit oversight of U.S. vehicle safety standards.

The inspector general's office said it was launching a review of the National Highway Traffic Safety Administration's efforts to set and enforce Federal Motor Vehicle Safety Standards (FMVSS).

"Given the importance to the traveling public that all new vehicles and components meet federal safety standards, we are initiating a review of NHTSA's FMVSS process," the inspector general's office wrote.

The NHTSA said in a statement it would "work with the Office of Inspector General to provide any pertinent information requested."

In March, NHTSA proposed sweeping changes to U.S. safety requirements to speed the deployment of self-driving vehicles without human controls. It proposed rewriting 11 vehicle safety standards that require traditional manual controls "by revising the requirements and test procedures to account for the removal of manually-operated driving controls."

The NHTSA proposed revising rules for occupant protection, steering controls, glazing materials, door locks, seating systems, side impact protection, roof crush resistance and child restraint anchorage systems.

Companies such as General Motors, Alphabet Inc's Waymo, Uber Technologies and Ford are aggressively testing automated vehicles.

David Friedman, who was an NHTSA deputy administrator during the Obama administration, said the agency under President Donald Trump has failed to adopt any significant life-saving regulations.

"That is a clear failure to fulfill (the) NHTSA's mission to save lives and prevent injuries, especially when you consider that there are technologies out there now that could cut the annual death toll in half," Friedman said.

It often takes NHTSA years to finalize changes or adopt new motor vehicle safety standards.

After Congress demanded rules in 2010, the NHTSA in February 2018 finalized rules requiring "quiet cars" such as electric vehicles to emit alert sounds to warn pedestrians of their approach.

Auto sales forecasts for 2020 differ between J.D. Power, Cox analysts

Two forecasters offered contrasting takes on U.S. auto sales for the rest of 2020 vary, one more optimistic and one more pessimistic, in separate webinar presentations this month.

The optimist is Tyson Jominy, J.D. Power vice president of data & analytics. During a webinar hosted by The Wall Street Journal, Jominy said a lack of new-vehicle inventory is the biggest factor holding back sales.

He acknowledges an increase in subprime delinquencies but said auto lenders are not "stacking" risk as they had in the run-up to the Great Recession, for instance, by offering long loans to subprime customers with large amounts of negative equity.

Provided automakers can ramp up production to meet demand in the fourth quarter, Jominy said sales have "a shot to get back to zero." That is, 0% change by the end of 2020 in monthly sales from a year ago.

The pessimist is Charlie Chesbrough, senior economist for Cox Automotive. He's more worried about consumer willingness and ability to buy. During a webinar hosted by the American International Automobile Dealers Association, Chesbrough said business shutdowns and job losses this year have damaged the U.S. economy and consumer confidence so badly that it could be three or four years before auto sales recover to pre-pandemic levels.

"The key takeaway is, we're still in a very, very difficult position economically," Chesbrough said. "Even though tens of millions of people were losing their jobs, the hope was that once everything opened back up again, all these jobs would be reopened, too, and everybody would get back to work."

Congratulations!

Al Piemonte Nissan in Melrose Park is a winner of Nissan's 2020 Award of Excellence and the Nissan Global Award. **Star Nissan** (Niles) and **Zeigler Nissan of Orland Park** won the 2020 Award of Excellence.

Mike Anderson Chevrolet of Merrillville (Indiana), **Phillips Chevrolet of Frankfort**, and **Ray Chevrolet** in Fox Lake are winners of the 2019 General Motors Dealer of the Year award.

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Virus taking financial toll on legacy OEMs; startups mostly OK

Established automakers and suppliers are reeling from the COVID-19 pandemic, looking ahead to years of depressed sales and are burning through cash in pursuit of electrification, two industry analysts said.

Startup companies in the sector, meanwhile, mostly are committed to battery-electric and hybrid vehicles, have ready access to capital and don't need to shore up their finances by selling internal-combustion-engine vehicles, John Casesa and Rod Lache said during a presentation this month at the Center for Automotive Research's online management briefing seminars.

"Technology is making the automobile into something different" from what is on the road today, said Casesa, a partner in Guggenheim Investments and a former executive for General Motors and Ford. "(EV maker) Tesla is the closest thing to a preview of the automotive industry."

Casesa and Lache, of Wolfe Research, both say capital is flowing toward new technologies while legacy OEMs struggle with their bottom lines, both now and in the future.

Current light-vehicle sales have been crippled by COVID-19 and likely won't exceed 15 million units annually over the next five years, compared with 17 million in the prosperous 2016-2017 period, Lache said. The pandemic's effects on consumer demand aren't fully known, he said.

Demand for ICE-powered vehicles has matured, but well-capitalized legacy OEMs "will find great values in consolidation," said Casesa, citing the pending merger of Fiat Chrysler Automobiles and French automaker PSA.

Lache mentions cooperative research agreements that fall short of mergers, such as those between Ford and Volkswagen, and GM and Honda.

For startups, meanwhile, there is "a ton of money sitting on the sidelines in private equity," Lache said. "These companies are going to eat the legacy automakers' lunch."

Kristin Dzieczek, vice president of research at CAR and the panel's moderator, asked, "Why does Wall Street view the legacy manufacturers so negatively?" Meanwhile, financial backing is available for "companies that haven't built a car," she said.

The legacy OEMs' outlook isn't totally bleak, the analysts said.

"There's much more pent-up demand than we realize," said Casesa.

Lache noted that GM almost broke even in the second quarter despite its manufacturing plants being shut down by COVID-19 for almost two months.

GM also is pressing ahead with electrification, spending $2.3 billion on a joint venture with LG Chem to manufacture EV batteries in Lordstown, Ohio, and $2.2 billion to convert its Detroit-Hamtramck Assembly Plant for production of EVs.

Traffic

Continued from Page 1

month as a result of this change."

For dealers, there was no setup necessary. DriveChicago.com's technical partner, Automotive Internet Media, completed a setup for each dealership that deep linked directly from the DriveChicgo.com search results into each dealer's vehicle details pages.

"Knowing that dealers spend tens of thousands of dollars optimizing their websites to generate sales, DriveChicago.com decided to cut out the middle man and drive customers right into dealers' virtual showrooms," said Mark Bilek, DriveChicago.com general manger. "This one change instantly raised the relevance of DriveChicago.com to

its dealers and is a sign of the CATA's continued commitment to provide its members exceptional value."

To date, more than 90% of CATA dealers have been transitioned to this new process. To see how many visitors DriveChicago.com is sending to your website, simply view the referring sites within the Google Analytics report for your dealership website.

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.

Lawsuit

Continued from Page 1

tising loan opportunities to those facing bankruptcy.

The dealership advertises through various media including its own website, third-party websites, newspapers, and direct mailers. The attorney general's office opened an investigation into the dealership in 2014 after receiving complaints from consumers who were unable to purchase vehicles advertised by the dealership.

Consumers alleged that upon visiting the dealership to buy a vehicle seen in advertisements, sales representatives would say the advertised vehicle was already sold, then try to sell customers a different vehicle instead. In addition, consumers alleged that they continued to see the same vehicle in advertisements for weeks afterwards.

Brands

Continued from Page 1

soon will have more brands to choose from than at any time since World War II.

Automakers "have always wanted to get into the U.S. It's a coveted market," said Stephanie Brinley, principal automotive analyst with IHS Markit. "It's a difficult market to get into, but not impossible (though) it takes a lot of volume to be profitable."

During the past 120 years, the U.S. has seen more than 800 brands come and — mostly — go, according to the archives of the Henry Ford museum in Dearborn, Michigan. The vast majority of them popped up during the industry's pioneering days, with names such as Chalmers, Maxwell and Duesenberg. The Great Depression wiped out hundreds of them. Others, such as Studebaker and Packard, struggled on through World War II but couldn't generate the economies of scale needed in an increasingly costly business and were gone by the 1960s.

The post-War period did see the arrival of a new wave of import brands, including European marques such as Renault, Volkswagen, BMW and Mercedes-Benz, as well as Japanese players such as Toyota, Honda and Nissan. Even among them, many struggled. The 1990s kicked off a new exodus, with names including Renault, Peugeot, Fiat, Daihatsu and Suzuki falling by the wayside.

Detroit's Big Three, meanwhile, have pared back. Ford dropped Mercury and the short-lived Merkur, while Chrysler — in its various incarnations — abandoned names such as Plymouth and Eagle. And, following its bankruptcy a decade ago, General Motors pulled the plug on Hummer, Pontiac, Saturn and Saab.

It's not that there haven't been plenty of wannabes. After World War II, industrial magnate Henry Kaiser hoped to launch his own brand, announcing at an industry confab that he was ready to back it up with a $100 million investment. "Give that man one white chip," responded GM's then president. Kaiser didn't last long, nor did Malcolm Bricklin, who tried to launch his own brand in the 1970s.

But some things have changed and the door appears to be opened wider than it has been in years. The nascent shift from internal combustion to electric power is offering significant opportunity, especially for companies hoping to ride the coattails of Tesla.

Up-and-coming EV makers can only hope to enjoy a fraction of the recent success of the California-based automaker — currently the most valued car company, measured by market capitalization — in the world. Ignoring a slew of naysayers — indeed, mocking a great many of them — the company has broken from the pack. Notably, Fisker, which debuted at the same time and was largely seen as a rival, became the biggest seller of electric vehicles in the U.S. and the world.

After starting with a small roadster with limited range, the company now offers four models, with a next-edition roadster in the works as well as a pickup truck and a semi-truck on the horizon. Its growth has been rocket-like in recent months, prompting the company to announce a five-for-one stock split in an attempt to make the shares "more affordable for employees and investors."

Not including Tesla, the list of EV startups is a long one, with some of the most promising thought to be Lucid, Detroit's Rivian and Nikola. The latter firm took advantage of the latest means of raising lots of money fast, a "special purpose acquisition company," also known as a "blank-check company," allowing it to quickly list on a stock exchange. Fisker and Lordstown plan to use that strategy, too, later this year.

How many of these EV entrepreneurs will make it is far from certain, and the road to market is already littered with fallen brands such as AMP and Bright Automotive, while others, such as Faraday Future, are barely holding on.

"The jury is still out on the new electrics," said Brinley. "They've got a long way to go before we know if they really will be a presence."

Part of the challenge is that EVs currently account for barely 1% of the U.S. market. While many experts are forecasting a big surge this decade, that remains to be proven out and the start-ups will have to face down not only Tesla but the established automakers which are investing tens of billions each year in new electric models.

Not all the new brand entrants are going electric. Vantas is sticking with conventional automotive technology but hoping to follow the low-ball pricing strategy first used by the Japanese, and then the Koreans who followed to the U.S. in the late 1980s. If it sticks to its timetable, Vantas could become the first new marque dealing in Chinese-made vehicles — though it likely won't be the last. There are plenty of carmakers which hope to make that leap, including Great Wall and BYD, the latter already setting up a U.S. headquarters in Los Angeles.

Peugeot this month confirmed its own plans to set up U.S. distribution though, in this case, it is looking to return after a nearly 30-year absence. It was one of numerous European brands to pull out of the States in the 1990s due to declining sales — and regretting that decision ever since. The brand hopes to get a boost as it returns, since it is one of the flagship marques for Groupe PSA, which is finalizing a merger with Fiat Chrysler Automobiles.

Whether it can pull off a revival is far from certain, however. FCA had little luck reviving the Fiat brand in the U.S. And it hasn't done much better with the other Italian brand it relaunched, Alfa Romeo.

There's another group of new-marques headed for U.S. showrooms.