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2019 Chicago Auto Show finds attendance, enthusiasm brimming

The Chicago Auto Show's 111th edition ended its 10-day public run Feb. 18 with officials of the nation's best-attended auto show reporting a bump in attendance this year despite the slowing market.

"As the nation's largest consumer auto show, we know people come here to shop," said Ray Scarpelli Jr., chairman of the just-wrapped edition. "According to Foresight Research, nearly 70 percent of adults who visited the show are in the market to purchase a vehicle within 12 months. That's what makes the Chicago show stand out

from other shows and experiential events, further demonstrating the importance of automaker participation."

The show's impact at area dealerships was palpable, with dealers reporting noticeable increases in customers following the auto show.

"There's no doubt that we saw a big uptick in traffic and sales at our dealerships," said Kevin Keefe, proprietor of Brilliance Honda, in Crystal Lake; and Brilliance Subaru, in Elgin. "The activity at the stores was noticeably higher after the show opened."

Jason Roberts, general manager of Advantage Toy-



ota of River Oaks, agreed. "We actually had more customers than sales representatives on Feb. 16," he said.

Special-themed days included established Women's

Day, Hispanic Heritage Day, Family Day, and the three-day Food Drive, this year benefiting A Safe Haven. New this year: Sports Team

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NADA program launched to help aspiring technicians find training

Every year, about 76,000 service technician jobs open up in the auto industry as workers retire and new jobs develop. At the same time, roughly 37,000 new technicians graduate from U.S. training programs and colleges. This translates into an annual deficit of 39,000 technicians, give or take a few. To fill spots and thrive, the automotive sector is sorely in need of a solution that will balance the numbers.

The National Automobile Dealers

Association hopes to make a sizable dent in the problem. Its foundation this month launched a new consumer-facing website, www.nadafoundation.org, which, according to the NADA, aims to make it easier for those looking to join the service technician trade.

The site takes a three-pronged approach: offering information on the various paths available to men and women interested in becoming service techs; linking all the programs available; and

providing a one-stop portal for scholarships in the field.

Peter Welch, the NADA president and CEO, emphasizes the need for the initiative, saying: "Until the launch of nadafoundation.org, there was nowhere for a prospective technician to find out where the closest training program was located. For example, Toyota's T-10 website shows where the Toyota programs are, and GM's ASEP website

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Top infractions in dealership advertisements reviewed by AG's office

Dealers selling a vehicle for more than its advertised price continues to be the top infraction seen by staff of the Illinois attorney general's office who review dealer ads, an assistant attorney general said Feb. 13 at an annual get-together with the CATA, the IADA, and representatives of the Better Business Bureau, which also monitors dealer advertising.

Greg Grzeskiewicz recounted a handful of recurring issues with dealer ads that run afoul of the state's Motor Vehicle Advertising Regulations. Another transgression: advertising vehicles that had been sold, sometimes months earlier. "We've seen that a lot," he said, "so I wanted to bring that up."

Grzeskiewicz said both consumer complaints about dealer ads and AG

enforcement actions by his office increased in 2018. He has a staff of up to 15 workers scouring dealer ads, and said his office meted out more than one six-figure fine last year.

The BBB, likewise, reviews dealer ads — including pre-publication — and can act as a sort of firewall for dealers. When infractions are spotted, the offending dealer is sent a letter. If the ad is not subsequently corrected, the matter is referred to the AG's office.

Patricia Kelly, senior counsel for the BBB, said her office sent 113 letters to dealers in 2018 and referred 31 matters to the AG. The elevated number of referrals involved so-called "zero tolerance" issues established several years ago. Those matters are automatically referred to the AG.

Kelly said most infractions her office sees involve advertised prices that include deductions of one or more limited rebates for which not all consumers can qualify. "We find our issues on websites, primarily," she said.

"Prices are also advertised that exclude freight charges. Advertised prices often exclude dealer added-on products or enhancements that will cost consumers. These dealer add-ons must be included in advertised prices," she said.

Dealer advertising agencies, often based outside Illinois, also are accountable for ads that do not meet the state's advertising regulations. Grzeskiewicz said it is difficult to collect fines from them, however, because many simply go out of business.

Auto show

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Pride Day, when attendees donning a professional sports team's jersey gained reduced admission, and Chicago Friday Night Flights, at which a tasting pass afforded both access to the auto show and a sampling of 10 three-ounce pours of craft beers produced locally.

Best of Show

For the 14th consecutive year, consumer voters selected their favorites in five categories in Best of Show balloting. The Chicago Auto Show is the only major auto show that polls its attendees' favorite vehicles and exhibit. In voting over the show's 10 public days, the 2019 winners are:

- **Best all-new production:** 2020 Jeep Gladiator
- **Best concept vehicle:** Lexus LC Convertible
- **Best green vehicle:** 2019 Audi e-tron
- **Best exhibit:** Jeep
- **Vehicle I'd most like to have in my driveway:** 2019 Bugatti Chiron

Each of the first four winners beat out seven competitors selected by a jury of automotive experts. In the "driveway" category, voters could choose from any of the hundreds of vehicles on the show floor. The winning Bugatti model has a suggested selling price of nearly \$3.5 million.

"We think of our attendees as one enormous focus group that we can leverage to analyze data and assess trends," said Dave Sloan, the show's general manager. "Best of Show voting has become a benchmark measure of what the public

deems the most exciting, impressive and innovative on the show floor."

Top salespeople

Effective salespeople who helped staff displays on the show floor netted thousands of dollars under the show's Award for Customer Excellence program. Incognito judges each day evaluated the salespeople using various criteria. The prize, \$150 or \$200 cash, could be won by one salesperson a day at each eligible exhibit. Len Donnell, from Joe Rizza Acura in Orland Park, won the award a record eight times during the show's 10-day run.

Prior to the show's public opening, the benevolent First Look for Charity black-tie gala raised \$3 million for 18 area nonprofits. It marked the second time in the event's 28 years to hit that mark, following the 2017 edition.

Planning for the 112th Chicago Auto Show, Feb. 8-17, 2020, already is underway.

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Time to get busy

By **HOWARD HAKES**
2019 AIADA CHAIRMAN

On Jan. 28, I formally accepted the AIADA chairman's gavel at our Annual Meeting & Luncheon during the NADA convention. The luncheon was the cap to a busy week, featuring friends and family who traveled to support me, several important make meetings, an active convention floor, and quite a bit of AIADA business.

To be honest, I enjoyed all of it. As I've learned during my decades as a dealer: Busy is good. Busy means business is booming. Busy means customers are buying and cars are moving. Busy means dealers are in good shape.

Now, as chairman of the American International Automobile Dealers Association, busy has taken on a new meaning for me. It means that legislators are moving in the wrong direction, trade is under attack,

and our stores are at risk. Today, the AIADA and its active dealer members are busier than ever — holding meetings with their lawmakers, educating the public and media on our industry, and working to promote sensible trade policies that benefit our businesses, employees, and consumers.

I gave a speech during our luncheon and thanked the dealers in attendance for all their hard work on the AIADA's behalf. I also reminded them that they are the 20 percent of international nameplate dealers I see at every meeting and every event. They know their representatives in Congress, and are doing all the right things to protect their businesses from anti-trade policies. What the AIADA needs, and what our industry needs, is the other 80 percent of dealers to come out of the shadows and get involved.

What is happening in D.C. today is no joke. Our product, at any moment, could be slapped with 25 percent "232 national security" tariffs. If you don't

believe me, consider what Toyota's Bob Carter said at our luncheon:

"Our industry's greatest risk remains the same: Looming tariff and international trade frictions. ... Should these Section 232 tariffs be enacted, the average vehicle cost, regardless of OEM, will rise by thousands of dollars and reduce sales by an estimated 2 million to 2.5 million units, taking thousands of jobs with it."

That's a serious threat that requires serious participation by 100 percent of dealers. Start your participation today, by registering to attend the AIADA's annual Fly-In April 9 and 10 in Washington, D.C. You need to be there because lawmakers need to look you in the eye and hear exactly how these tariffs could impact the men and women of their congressional districts.

I look forward to seeing you there, and I truly look forward to working with you. Now, more than ever, it's time to get busy.

Auto dealers association slams 'bogus' national security report

Dealers of imported automobiles are still waiting to see how an investigation by the U.S. Department of Commerce will affect their business.

The investigation under Section 232 of the Trade Expansion Act, which was launched in May 2018, looks at whether imported cars and auto parts represent a national security threat. The department submitted its findings to the White House on Feb. 17, but the report has not been made public, "highlighting, once again, the bogus nature of this investigation into America's 9,600 international nameplate dealership fran-

chises, their 578,000 American employees, and millions of customers," American International Automobile Dealers Association President and CEO Cody Lusk said in a statement.

"Now, dealerships must continue to operate under a cloud of uncertainty, not knowing if at any moment their products will be slapped with 25 percent tariffs, raising vehicle and repair costs by thousands of dollars and slashing sales," Lusk said. "Dealers, their employees, and the communities they serve are being treated like pawns by their government. The AIADA urges

both President Trump and the Department of Commerce to come forward and unequivocally confirm what we already know: Imported autos and auto parts are not a national security threat."

During the Commerce Department's 232 National Security Investigation hearing in July, Lusk testified in support of the international auto retail industry, citing how tariffs would negatively impact dealers and their customers.

Domestic automakers are speaking out as well. In June 2018, General Motors warned that tariffs could raise prices for consumers, cost

jobs and lead to a "a smaller GM" while isolating the U.S. from the global market.

"The overbroad and steep application of import tariffs on our trading partners risks isolating U.S. businesses like GM from the global market that helps to preserve and grow our strength here at home," GM said in a statement.

"We're not always united on public policy issues, but we're united on this," said Matt Blunt, president of the American Automotive Policy Council. "Every auto manufacturer and parts manufacturer that I am aware of thinks this would be a mistake."

NADA's '19 Dealership Workforce Study opens

Participation in the 2019 Dealer Workforce Study, one of the automotive industry's largest workforce studies, is underway at nadaworkforcestudy.com. Enrollment ends April 12.

Dealer participation in the National Automobile Dealers Association report is vital and allows the NADA to analyze and provide such valuable information. The annual report helps new-car and -truck dealers to fine-tune employee compensation and benefits, promote retention, and stay ahead of the demographic curve.

New for 2019 and based on dealer feedback, the study has been reworked to obtain more insight into compensation plans for variable operations positions. That will further assist participants and users of the study in their decision

making with regards to pay structure.

All participating NADA Members will receive a complimentary custom report for their store. This exclusive report will include a Workforce Management Scorecard that compares and ranks the participating dealership against peer-level dealerships on key metrics related to compensation, retention and turnover.

In addition, all participants will receive a complimentary copy of the 2019 Dealership Workforce Study National & Regional Trends in Compensation, Benefits & Retention Report. Participants also will be granted access for up to one year to the Database Search Tool where they will find all of the data submitted for each of the past workforce studies.

7 million behind on car loans by 3 months

A record 7 million Americans are 90 days or more behind on their auto loan payments, the Federal Reserve Bank of New York reported Feb. 12, a number greater than during the wake of the financial crisis era a decade ago.

Economists warn this is a red flag. Despite the strong economy and low unemployment rate, many Americans are struggling to pay their bills.

"The substantial and growing number of distressed borrowers suggests that not all Americans have benefited from the strong labor market," economists at the New York Fed wrote in a blog post.

A car loan typically is the first payment people make because a vehicle is critical to get to work and because someone can live in a car if all else fails. When car loan delinquencies rise, it's a sign of significant duress among low-income and working-class Americans.

"Your car loan is your No. 1 priority in terms of payment," said Michael Taiano, a senior director at Fitch Ratings. "If you don't have a car, you can't get back and forth to work in a lot of areas of the country."

Techs

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shows where the GM programs are. But each ignore the other, leaving prospective students confused." Everything now can be found in one place.

"Our new website brings together all OEM training programs onto the same map, through data provided by our friends at Automotive Service Excellence. Now anyone can find out where the closest ASE training program is located — public or private, regardless of manufacturer."

Getting the word out is important. In the current market, the average dealership technician can make upwards of \$60,000 a year, plus benefits, and has tremendous mobility opportunities.

In Memoriam

Joseph Levy Jr., a former auto dealer who later helped fund senior centers in Evanston, Chicago and Bolingbrook, died Feb. 15 at age 92.

Mr. Levy gained a passion for entrepreneurship while watching his great-grandfather run a horse-and-buggy business, and Mr. Levy followed in the footsteps of his grandfather and father by pursuing a career in the automobile industry. After working at his father's dealership for 13 years, he opened his own. Two years later, his Evanston-based Carol Buick was the world's largest Buick dealership, increasing annual car sales from 300 to 5,000.

He attributed his success in part to always being available for customers and employees. "I was at the dealership every day from eight in the morning until 10 at night," Mr. Levy once said. "I wasn't hidden in an office." Levy also credited his employees and the importance of kindness. One of his hiring strategies was to recruit people who were smarter than him and then to put his trust in them. "I hired

people with no automobile experience, just people who were nice to individuals," he said.

Through his philanthropic efforts, Mr. Levy shared his own success and created opportunities for others. His longtime support of Northwestern University's Kellogg School included financial contributions. In recognition, Kellogg bestowed its Joseph Schaffner Award on him and named the Levy Atrium in the Donald P. Jacobs Center in honor of Mr. Levy and his wife of 66 years, Carole.

Mr. Levy was equally passionate about helping seniors. "You get to a point where it's 'give-back' time," he said. "I felt that seniors were neglected in the community and could be recognized with a place of their own."

Other survivors include daughters Jan, Beth and Nancy; three grandchildren; and two great-grandchildren.

