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Alison Ruble (second from right), the president and CEO of the USO of Illinois, accepts the donations of 115 area new-car dealers at a USO event on Aug. 15. Presenting the donations are CATA directors Jay Hopkins (from left), Jason Roberts, Ryan Kelly, Bill Haggerty, JC Phelan, Kevin Keefe and Tony Guido.

115 dealer barbecues raise \$146,500 for USO

The USO fundraisers held by 115 area new-car dealerships this year raised \$146,500, pushing the total raised over seven years to nearly \$900,000, CATA officials announced Aug. 15.

About 3,000 people packed the USO Clark After Dark block party in Chicago to learn the fundraiser totals, support the troops and consume the food, beverages and music for which the city

is famous. The USO bills the event as “summer’s last ‘hoo-ah!’”

The USO, a nonprofit, non-political organization, has since 1943 provided Americans with a tangible way to express appreciation and gratitude for the dedication and sacrifice of the nation’s troops and their families. The funds raised by the barbecues enable the USO

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Dealers score high in response to customers

A ranking of business reputations in various industries dispels some negative stereotypes about auto dealerships.

According to Reputation.com, dealerships received better overall customer sentiment and higher reputation scores than the other major industries the company examined. And dealers are among the most responsive to online customer feedback.

That’s according to the 2019 Automotive Reputation Report for which Reputation.com analyzed online data on the more than 16,000 U.S. new-car dealerships. The report covered reviews, listings, social media, search results and customer engagements from sources that included Google, Facebook and third-party automotive websites.

Auto retailers posted an average reputation index score of 607 (on a 0-to-1,000 scale), edging out the hospitality industry (605). They also led the way in review quality, averaging 4.4 stars out of 5 over the past 12 months.

“Managing your online reputation is vital in any industry, but you could argue it’s even more significant in the auto industry, considering 95 percent of vehicle buyers use digital sources to conduct car-buying research,” said Michael Fertik, Reputation.com’s founder

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Certified pre-owned gains some year-over-year steam to start 2nd half

It was a great start to the second half of the year for the certified pre-owned car market.

There were 236,579 CPO vehicle sales in July, which beat year-ago figures by 6 percent, despite trailing June figures by 2 percent, according to a new report from Cox Automotive, which cites Motor Intelligence data.

This follows a first half where sales were up 1.3 percent, as the CPO market increasingly looks like it will reach a ninth straight record year.

Through seven months, certified sales have climbed 2 percent year-over-year, eclipsing the 1.6 million-unit mark, according to the Cox Automotive report.

“This year CPO sales are growing at a comfortable pace above 2018’s record-setting performance. Favorable supply of vehicles enter-

ing the market will continue to support used retail sales,” analysts said in the report.

The overall used-vehicle sales market was a bit slower in July, but the seasonally adjusted annualized rate still is tracking toward 40 million, and dealers are enjoying strong used-car operations.

Not to mention, the used retail SAAR was up from June and year-ago figures, and the public dealer groups are showing strength in used-car sales.

That’s according to two other analyses earlier this month from Cox Automotive, which pegged the used-vehicle SAAR at 39.7 million in July.

That compares to a July 2018 used-car SAAR of 40.1 million and a June 2019 used-car reading of 39.8 million, the company said in an analysis accompanying the latest Manheim Used Vehicle

Value Index.

Cox Automotive said the used-retail SAAR in July was an estimated 20.1 million. In both June of this year and July of last, it was 19.8 million.

(The company explained that the used SAAR includes the entire used-car market, including private-party sales, whereas the used-retail SAAR only includes sales from franchised and independent dealers).

In a separate analysis, Cox Automotive pointed out that amid a slower new-vehicle sales environment (there has been a 2 percent decline year to date), there is a push toward used — including the public franchised dealer groups.

The start of the year was not as auspicious for used.

In a presentation near Detroit in late June, Cox Automotive senior economist Charlie Chesbrough said the

first few months of 2019 showed a sluggish used market.

Citing IHS Markit used-car registration data, he said January, February and March showed year-over-year declines.

“In April, used-vehicle sales exploded, up 250,000 units over the previous April,” Chesbrough said. “Can’t really explain it, other than we think that there must be something going on with the tax reform.

“And that there was a lot of uncertainty and confusion around what (consumers’) tax liability was going to be, tax returns were delayed — there was just a lot of uncertainty. And those tax returns have a major impact in the used-vehicle market,” Chesbrough said. “Many folks use that money to buy these vehicles or use it for a down payment.”

Better Business Bureau accepting 2019 Torch Award nominations

Nominations for the 2019 Torch Award for Marketplace Ethics, the Better Business Bureau’s most prestigious award, will be accepted through Sept. 6. Five winners will be named, based on the companies’ number of employees.

Businesses must be located in northern Illinois. Recent winners include Mancuso Motorsports in Chicago and Advantage Chevrolet of Bolingbrook.

Judges will evaluate the entrants using five criteria:

- Leadership Commitment to Ethical Practices
- Communication of Ethical Practices

Congratulations!

Glendale Nissan (Glendale Heights) and **Woodfield Nissan** (Hoffman Estates) were winners of Nissan’s 2019 Award of Excellence.

- Leadership Practices to Unify the Organization
- Organizational Commitment to Performance Management Practices
- Organizational Commitment to Ethical Human Resource Practices

Full details are on a BBB website, www.nominatefortorch.org.

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5 lessons to learn from software vendor data breach

BY DREW PATTY

According to a settlement reached this summer with the Federal Trade Commission, an employee of Iowa-based LightYear Dealer Technologies, the parent company of DealerBuilt, in 2015 plugged a storage device into the company's backup network to increase storage capacity. However, the employee failed to ensure that the device was securely configured, thereby providing an open, insecure port into the company network. It remained open for 18 months.

A hacker penetrated the network and gained access to the company's unencrypted backup data, including the personal information — such as Social Security and driver's license numbers — of about 12.5 million consumers, including the entire backup directories of five auto dealerships. DealerBuilt failed to detect the breach until a dealer's customer complained about personal information becoming public on the internet, and a reporter told the company about the security vulnerability.

The alleged insecure access enabled by the employee's device installation, along with other poor data control and security practices allegedly ongoing at DealerBuilt, led the FTC to allege unfair practices and violation of the Gramm-Leach-Bliley Act's Safeguards Rule against DealerBuilt.

The FTC asserted that DealerBuilt met the definition of a "financial institution" for purposes of

the Gramm-Leach-Bliley Act. (Under GLB, any institution engaged in certain "finance activities" may be considered a "financial institution." Sufficient "finance activities" include those that are "financial in nature" or "incidental to financial activity," as these terms are defined in 12 U.S.C. 1843(k) and by regulations promulgated by the Board of Governors of the Federal Reserve.) GLB further requires financial institutions to develop, implement and maintain a comprehensive information security program; identify reasonably foreseeable risks to the security, confidentiality and integrity of customer information; and implement basic safeguards and regularly test their effectiveness, all of which DealerBuilt failed to undertake, according to the FTC.

DealerBuilt's data security practices, which were alleged to be lax at the time the FTC filed its complaint, included:

- Storage of information in clear text, without any access controls or authentication protections such as passwords or tokens. Data transmitted between dealerships and DealerBuilt's backup database also was in clear text.
- No written information security policy.
- No provision of reasonable data security training for employees or contractors.
- No assessment of risks to the sensitive data on its network by conducting periodic risk assessments or performing vulnerability and penetration testing.
- No use of readily available security measures to monitor — among other things — unauthorized attempts to

transfer sensitive information.

- No reasonable data access controls in place — systems to limit inbound connections to known IP addresses or require authentication to access backup databases, for example.
- No reasonable process to select, install and secure devices with access to personal information.

In reporting the outcome of the case's proposed settlement, the FTC noted the following key recommendations for those employees in possession of consumer personal information:

1. Train and supervise fellow employees to be security-centric.
2. Exercise care when installing devices with network access.
3. Note that Gramm-Leach-Bliley Act coverage is broad. Consider whether the company (or affiliates or service providers) could be a "financial institution" subject to the GLB Safeguards Rule (16 C.F.R. Part 314). All it takes is for a business to be "significantly engaged" in providing financial products or services.
4. If the company uses third-party software or providers, build security into contracts with those providers.
5. Remember that service providers also are accountable for protecting the personal data they collect and store.

Drew Patty is an attorney with McGlinchey Stafford. He co-chairs the firm's Cybersecurity and Data Privacy practice group and leads the firm's Intellectual Property section. He regularly counsels clients regarding internet privacy and data privacy policies and procedures.

Response

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and chairman. "Proactive communication is how brands can win business in the digital age."

Conversely, "a lack of engagement with consumers on social channels and search engines could lead potential customers to consider competing brands or dealers with better reviews and responses," he said.

Tesla has the poorest response rate to consumer reviews and engagement in the industry. Tesla's low score could be due to a failure to respond to negative reviews. Tesla responds to just 1 percent of the negative reviews it receives online, by far the lowest among the manufacturers in the report. Tesla dealerships came in with an engagement score of 3 percent. No other manufacturer's dealerships had an engagement score below 42 percent.

Auto lenders likely to end interest rate cuts, as vehicle prices grow

New-vehicle sales in the U.S. ticked up slightly in July, as buyers finally decided to take advantage of the good deals afforded them by three consecutive months of interest rate cuts by auto lenders. However, interest rates likely are as low as they're going to get.

According to the analysts at Edmunds, the annual percentage rate on new financed vehicles averaged 5.8 percent in July, compared to 6 percent in June. The cuts paved the way for some even lower interest rate deals for those with outstanding credit.

Edmunds data shows that 35 percent of shoppers who financed their vehicle purchases in July got an interest rate below 4 percent, compared to 31 percent of those who financed purchases in June.

"Rising vehicle costs and high interest rates have been placing immense pressure

on the new-car market all year, so it's nice to see shoppers get a bit of a reprieve," said Jessica Caldwell, Edmunds' executive director of insights.

"Consumers are still in for a bit of sticker shock if they're coming back to the market for the first time in a few years, but the fact that interest rates are trending slightly lower is helping soften the blow."

While the positive results in July and the latest Fed rate cut may have some potential buyers thinking there might be another cut by lenders, which appears unlikely, Edmunds believes last month's cut down to 5.8 percent came in advance of the Fed's move on July 31.

Auto lenders lowered interest rates on new-vehicle loans last month in anticipation of a Federal Reserve rate cut, according to Edmunds. As a result, July marked the third straight month that the

average rate fell for new-vehicle financing.

Jeremy Acevedo, Edmunds' manager of industry analysis, said the industry responded to the Fed's decision before it happened in the belief that borrowing money would be cheaper in the coming months.

"The cat was out of the bag on the rate being cut, and the amount was well thought out ahead of the meeting," Acevedo said.

One reason for the dip in interest rates, Caldwell suggests, is that automakers and dealers were sweetening deals to clear out lingering 2018 models. Edmunds estimates 3 percent of new vehicles sold in July were 2018 models, the highest level of outgoing model-year sales of any July in Edmunds' records, dating back to 2002.

"The fact that there are still 2018 models sitting on dealer lots this far into the year is pretty disconcerting,

but at least we're seeing that automakers and dealers are making a greater effort to get shoppers in the door," said Caldwell.

Perhaps most importantly, Edmunds analysts say automakers will likely continue to offer subtle interest rate incentives during the next few months to keep the "summer sell down" momentum, but buyers still sitting on the sideline hoping for a dramatic rate cut are likely to be disappointed.

"People might hear this news and think this means buying a car just got a lot cheaper, but in reality shoppers aren't going to see much of a difference in their car payment from a quarter percent rate cut," said Caldwell.

"Even with this move and automaker incentives, we expect to see average interest rates lingering in the 5 percent territory through the rest of the year."

2020 NADA Show hotels selling out

NADA Show 2020 advance registrations are underway and the headquarters hotel, Wynn Las Vegas, is nearly sold out. Book a room through the NADA to receive the lowest room rate available for the weekend, guaranteed. The best

hotels will fill up quickly, so don't delay.

Plus, register before Sept. 13 to save \$100 off the on-site registration rate with the early-bird pricing discount.

The convention and expo is Feb. 14-17, 2020, in Las Vegas.

USO

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of Illinois to lend support to more than 326,000 service members and their families annually.

The CATA and the USO of Illinois spread awareness of the dealer fundraisers via social media, including a #BBQ4Troops contest in which people could nominate individuals they deemed worthy of winning the Ultimate Backyard Barbecue. Entries poured in throughout July: Wives nominated

husbands who served overseas, parents nominated children who are active duty military, and friends nominated deserving friends and neighbors.

Maria Castrellon of Bartlett nominated her husband, Javier. In her nomination, Maria noted: "Javier is an example of what a soldier should be: always dedicated to his work but never overshadowing the love he has for his family. After a long day's work, Javier always manages to find a way to support and encourage his three children, from

soccer tournaments to daddy-daughter dances.

"For more than 20 years, he's lived this military life, moving from one place to another without any regrets."

In September, the Castrellons will enjoy the Ultimate Backyard Barbecue for 50 family members and friends, complete with mouth-watering barbecue fare from Real Urban Barbecue and a special visit by National Hockey League Hall of Famer and Chicago Blackhawks Ambassador Chris Chelios.