



Dealer ads focus of attorney general's meeting

The area's automotive retailing landscape faces change in the near term, with the imminent additions of CarSaver and Carvana online showrooms. But while their selling methods can differ from a traditional dealership, they must follow the same motor vehicle advertising regulations that dealers must follow.

That is the opinion of assistant Illinois attorney general Greg Grzeskiewicz, who spoke Feb. 13 at a regular meeting with representatives of the CATA, the Illinois Automobile Dealers Association, and advertisers.

Notably, the lifetime warranty offered by CarSaver, a Walmart entity, covers all repairs to a vehicle's engine, transmission and drivetrain, with no time or mileage limits. While it is per-

missible for dealers to offer warranty coverage, Grzeskiewicz said a warranty for the life of a vehicle is not allowed; more limited coverage of, say, one month or 1,000 miles is permitted.

Ray Scarpelli Jr., the CATA chairman, said: "We feel that if we offer free things — warranties, free iPads and the like — it's a slippery slope. Lifetime warranties lead to free oil changes and tires for life. It's never really free. Ultimately the customer would share in the cost of it, if not all of it. At this point, we (the CATA) are not for it."

Larry Doll, the IADA general counsel, added: "You can't use the word free in advertising, but you can offer (a warranty). But you can't use insurance to pay for the cost of it, so the dealer must

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Oberweis reintroduces bill to open dealerships for sales on Sundays

For the fifth time since he became an Illinois lawmaker in 2013, Sen. Jim Oberweis is attempting to open Illinois new-car dealership on Sundays.

The latest legislation, Senate Bill 2420, is being referred to as the Freedom to Choose Act and would allow for the sale of motor vehicles on any six days of the week chosen by the business owner, instead of on any day but Sunday. The bill was assigned to the Senate Transportation Committee on Feb. 7.

But the road ahead for SB 2420 looks bumpy. None of the previous

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110th Chicago Auto Show ends 10-day run at McCormick Place

February weather in Chicago this year acted like, well, February, challenging some consumers to reach McCormick Place to see the 2018 Chicago Auto Show. Those who did attend delighted with three indoor test tracks on the show floor, seven outdoor test drives, and plenty more sights and sounds across 1.2 million square feet

of exhibit space.

More than a dozen vehicles made their global or North America debuts during the show's Media Preview, including the 2019 Volkswagen Arteon; Subaru 50th anniversary special edition vehicles; Nissan Armada Snow Patrol concept; Nissan 370Zki concept; Hyundai Sonata Hybrid and Plug-in



Hybrid; Toyota TRD Pro Package; 2019 Ford Transit Connect Wagon; Fiat 500; and the Slingshot Grand

Touring Limited Edition.

An array of concept cars also displayed included the Acura RDX Prototype, Cadillac Escala, Honda Insight Prototype, Infiniti Q Inspiration, Lexus LF-1 Limitless and the Toyota FT-4X.

For the 13th consecutive year, consumer voters selected their favorites in five cat-

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First Look for Charity raises nearly \$3 million for Chicago-area nonprofits

Eighteen area charities on Feb. 9 shared more than \$2.9 million raised by the 2018 Chicago Auto Show's benevolent event, First Look for Charity, and two attendees left with the keys to new vehicles.

The black-tie benefit, which is held the evening before the auto show opens its 10-day public run, raised \$2,900,583, boosting its total to more than \$50 million over 27 years.

"First Look for Charity is a great instrument for the area's new-car dealers to show the positive impact they have on their community," said John Hennessy, chairman of this year's auto show. "All the benefiting charities are involved locally, so the money that's raised in Chicago stays in Chicago."

As the name of the event implies, those who attend First Look for Charity are part of the premier viewing of each year's Chicago Auto Show. Tickets to the fundraiser are \$275 each, and purchasers can elect to have their proceeds equally benefit all participating charities, or any one charity of their choosing. For the event, the auto show floor is replete with live entertainment and a variety of exquisite food and beverage stations.

A highlight of the evening was the drawing for the event's grand prizes, a 2018 Ford Expedition and a 2018 Ford Mustang GT Convertible. Jason Heineman, of Cedar Rapids, Iowa, won the former and Steve and Sarah Oliver, of Dyer, Ind., won the latter.

Those in attendance with a winning ticket have five minutes to claim the prize, or another ticket number is drawn. Heineman reached the prize stage in about 18 seconds; the Olivers sprinted to the stage before the countdown clock even started.

The proceeds from Heineman's ticket purchase benefited the Boys & Girls Clubs of Chicago. The Olivers' tickets were part of a group of tickets purchased to help the Ann & Robert H. Lurie Children's Hospital of Chicago, another of the event's 18 benefiting nonprofits.

Other organizations involved in the 2018 First Look for Charity included the 100 Club of Chicago, Advocate Health Care, Catholic Charities of the Archdiocese of Chicago, Catholic Charities of the Diocese of Joliet, Clearbrook, and The Cradle.

Also, Franciscan Community Benefit Services, Franciscan Health Foundation, JDRC, Susan G. Komen Chicago, and Lydia Home & Safe Families for Children.

And, March of Dimes, Misericordia, Special Olympics Illinois, the Turning Pointe Autism Foundation, and the Jesse White Tumbling Team.



Auto show

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egories in "Best of Show" balloting. The Chicago Auto Show is the only major auto show that polls its attendees' favorite vehicles and exhibit. From more than 5,000 votes cast, the winners were:

- **Best All-New Production Vehicle:** 2018 Jeep Wrangler
- **Best Concept Vehicle:** Cadillac Escala
- **Best Green Vehicle:** 2019 BMW i8
- **Best Exhibit:** Jeep
- **Vehicle I'd most like to have in my driveway:** 2018 Ford GT

"We think of our attendees as an enormous focus group that we can leverage to analyze data and assess trends," said Dave Sloan, the Chicago Auto 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."

Two salespeople won the show's Award for Customer Excellence four times for outstanding salesmanship: Len Donnell, who works at Joe Rizza Acura, in Orland Park, and Mimi Nofal, of South Suburban Mitsubishi, in Matteson.

Two-time ACE winners this year were Rob Bates, of Roesch Ford, in Bensenville; Janice Burdette, of Mercedes-Benz of Naperville; and Taylor Rogers, of Mercedes-Benz of St. Charles. The cash prizes — \$150 weekdays and \$200 weekends — motivate salespeople from area dealerships to engage with visitors to their displays.

Industry experts regard the Chicago Auto Show as the "consumer auto show" for its ability to ignite car sales — not just regionally, but for the nation.

"We're extremely positive about the future of our auto show," said 2018 Chicago Auto Show Chairman John Hennessy. "As long as we continue to keep our focus on the consumer, we can only win."

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Review past editions dating to 1998 or search by subject at www.cata.info/publication/bulletins.

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How does your store measure up?

By **MARK SCARPELLI**, CHAIRMAN
NAT'L AUTOMOBILE DEALERS ASSN.

We are only as strong as our weakest link. With that said, the 2018 NADA Dealership Workforce Study is now open for enrollment, and I encourage all dealers to participate and use this tool to your advantage.

The nation's franchised auto dealers have been going strong for a century. But to meet the demands of the future, we must take a hard look at our most valuable resource: our employees.

I'm happy to report that dealer participation was incredible last year. The 2017 workforce study analyzed more than 451,000 payroll records from 2,350 new-car and -truck dealerships that participated. Let's triple our participation this year.

The Dealership Workforce Study objectively measures the strengths of our businesses and helps us better compete in today's market. The study results will help you make informed decisions on pay plans, benefits and work schedules; take steps to reduce turnover and retain the best employees; and pinpoint demographic issues that your dealership may face.

Last year we identified important hallmarks of today's modern dealership. On average, dealership employees across the nation are earn-

ing nearly 24 percent more than the median weekly earnings of \$832 for the U.S. private-sector workforce. We also found an interesting trend in new hires: Millennials made up 61 percent of all new dealership hires, and that rate is increasing. These are undoubtedly successful markers that we can all be proud of. However, we also can target areas of improvement such as employee turnover and inclusiveness in our individual operations.

The best part of the Workforce Study is that participation for new-car and -truck dealers is free. Enroll today; the study closes April 30. The NADA will provide you a complimentary custom report that compares your dealership to aggregated data from your peers across the nation and region — even down to dealerships selling your brand in your state or region.

Dealers today are facing myriad new issues including cybersecurity threats, cybersecurity threats, increasingly complex vehicles and evolving customer expectations. The strength and competitiveness of every dealer rests in the quality of their team. Let's make sure that our links are stronger than ever.

Scarpelli is proprietor of Raymond Chevrolet and Raymond Kia in Antioch.

Advertising

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pay for it.” Doll said such offers typically are pushed by the insurers.

The state's motor vehicle advertising regulations permit a dealer to advertise a free warranty — a gift — if the cost of the gift is paid for by the manufacturer or a dealer advertising association.

Another topic raised at the meeting was selling all vehicles at not more than their advertised prices. “We've been busy” enforcing that regulation, Grzeskiewicz said. “Since 2013, we've been on an uptick. We are trying to increase the penalties.”

John Crane, president of the Hawk Auto Group and a CATA director, said: “The rules that we have in place have a positive influence for the consumer. We're not opposed to enforcing the regulations at all.”

Patricia Kelly, general counsel of the Better Business Bureau of Chicago and northeast Illinois, reviewed the BBB's secret shopper program that tests dealers' conformity with the advertising regulations. The shoppers' communication with a dealership usually starts via email.

“Some of our (attorney general's office) investigations start with advertising,” Grzeskiewicz added. Transactional missteps also can lead to investigations.

CATA gives \$1,500 to foundation helping Wheaton-Warrenville students

Chicagoland Dealers Care, a charitable arm of the Chicago Automobile Trade Association, on Jan. 22 donated \$1,500 to the Student Excellence Foundation for Wheaton-Warrenville District 200.

The CATA created the Chicagoland Dealers Care program in 2008 to build upon the charitable efforts of the association's dealer members within their communi-

ties. Cadillac of Naperville recently applied to the program after having donated to the student foundation.

The Student Excellence Foundation is an all-volunteer organization that raises funds for innovative programs and new materials to enhance educational opportunities for District 200 students not otherwise covered by state funding.

“Unfortunately, many educational programs and opportunities have been cut from school budgets due to lack of reliable funding and capped local revenues,” said Student Excellence Foundation volunteer Barb Marquardt. “The Foundation helps to enrich the classroom environment for both teachers and students with the awarding of grants and fund-

ing of programs that might not otherwise be possible. A large percentage of the donations to the Foundation come from the community and local businesses, such as Cadillac of Naperville.”

The dealership recently forged a relationship with the nonprofit and plans to continue its support — not just through monetary donations, but also by donating time.

Better Business Bureau identifies more website issues for dealers

BY PATRICIA KELLY
BBB OF CHICAGO

In the Jan. 15 edition of this newsletter, the Better Business Bureau emphasized to dealers that their websites can be the source of continuing compliance issues with the Illinois Motor Vehicle Advertising Regulations. We discussed advertised prices, limited rebates and price disclosures being limited to tax, title, and license and doc fee amounts.

The BBB sees other issues on websites and would like to point these out to help dealers monitor their websites for problems.

We all know very well that dealers cannot offer free gifts, prizes or other incentives in connection with the sale of motor vehicles when the price is arrived at through bargaining or negotiation per Rule 475.590. Free gifts, prices and other incentives can be as obvious as free

TVs and other products but can also include many other things.

The BBB lately is seeing that many website providers add free items on their own, and dealers in Illinois must watch for them. A common item is trade-in assistance in a dollar amount coming from the dealer for new or used cars. Of course, this cannot be done. Only a manufacturer can offer trade-in assistance to consumers.

We occasionally see that dealers offer to double the manufacturer trade-in assistance or double a different manufacturer incentive. This practice creates the same problem under the rule.

Occasionally, the BBB encounters match promotions as coupons or pop-ups on dealer websites. Coupons from dealers in connection with the retail sale of vehicles is prohibited by the Illinois Consumer Fraud and

Deceptive Business Practices Act, as we know, so that a separate issue arises here.

Now that tax season is upon us, the BBB wants to encourage dealers to avoid offering to match consumers' tax refunds as down payments if consumers bring in their refund checks. Tax season provides the opportunity for consumers to have their taxes prepared, by tax preparers separate from dealers, on dealer premises.

There are two issues with this practice. First, dealers cannot offer such services for free or at no cost. Rule 475.590 is implicated once again. Tax preparers charge a fee. The dealer cannot absorb that fee and then offer a free service.

Second, the money that consumers obtain immediately from a tax preparer is not a tax refund; it is a refund anticipation loan, an amount smaller than the actual tax

refund due to fees and interest.

In no circumstance should dealers claim, directly or indirectly, that such funds are tax refunds to be applied to the sale of vehicles as down payments. The funds are loan proceeds that are applied as down payments not tax refunds. This should be made clear in all advertisements.

Finally, the BBB lately has observed dealers offering free remote starters, incentives clearly within the prohibitions of Rule 475.590.

The BBB hopes that the information discussed in this article is helpful as dealers move forward with advertising campaigns in 2018. The BBB is a resource for dealers who have questions about specific programs they may want to do.

We hope that this year is a successful one for dealers and that the BBB can be part of that success.

Car-loan rates expected to rise: analysts

Concern about potential inflation in the U.S. economy has sparked concern that auto-loan interest rates could spike at a time when domestic car sales have already been sluggish.

The Federal Reserve raised the interest rate that banks charge each other for loans three times in 2017, most recently from 1.25 to 1.5 percent. The Fed already has telegraphed it is likely to raise that rate at least two times this year — possibly four. And further increases could trickle down to car buyers as carmakers find they can no longer subsidize ultra-low loan terms.

In the 12 months leading up to January, the average interest rate

for a 60-month new-car loan was relatively stable, rising from 4.35 percent to 4.51 percent, according to Statista.com. That translated to a negligible hike in monthly payments for a \$34,968 vehicle, which was the average price of a new car in 2017, according to Kelley Blue Book. The monthly note on that car rose from \$688 to \$691.

Industry analysts said a bigger spike in interest rates could cause car buyers to stretch new-car loans to six or seven years. Or they could opt for smaller vehicles, which automakers often try to prevent by offering financial incentives for larger, more expensive cars.

Sundays

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bills Oberweis crafted to permit Sunday operations have been voted upon; they received subject matter hearings only.

Oberweis, R-Sugar Grove, seeks to overturn the Illinois blue law, which took effect in 1984 and which prohibits new- and used-vehicle sales on Sundays. Few dealers support changing the law. Instead, they favor giving employees that day off, especially since banks are not able to finance vehicles on Sundays.

Lifting the ban on Sunday sales also would increase dealership costs without increasing sales, which could lead to higher prices for consumers.

“Our dealers like the current law,” said Ray Scarpelli Jr., chairman of the CTA. “Every state around Illinois is closed Sundays for car sales. Salespeople really like (to have) that day off.”