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## Chip shortage, limited supply has car shoppers traveling distances

The economy continues to rebound from the COVID-19 pandemic, but with the ongoing semiconductor chip shortage, many consumers are traveling far and wide just to get the car they desire. It doesn't matter whether a vehicle is new or used, dealerships are running on empty.

Nearly 10% of vehicle shoppers traveled out of state to purchase the ride they wanted, according to a new survey by Cars.com. Of the 12,000 respondents, 56% bought a new vehicle, while

43% bought a used vehicle.

A shortage of computer chips has caused a number of automobile factories to shut down temporarily in recent months, as they can't finish building new vehicles without adequate parts.

Those issues have contributed to a spike in used-car prices. With newer vehicles harder to come by, used cars are suddenly a hot commodity. And that means many people are willing to cross state lines to get what they want.

"We've seen inventory

dive both from a new and used standpoint as the chip shortage really kind of continues to impact the industry," said Kelsey Mays, assistant managing editor at Cars.com.

Domestic auto inventory has steadily decreased over the course of the year, reaching an all-time low, said Bryce Gill, an economist at First Trust Portfolios, an investment management firm.

Inventory of new vehicles assembled in North America at the beginning of 2021 totaled 396,500. That

has dropped to 254,800 units now, according to the U.S. Bureau of Economic Analysis.

"People have a specific car that they want, and their local dealership just doesn't have it in stock," Gill said. "That's why they search and find a place, you know, 200 miles away that has what they're looking for."

The distance traveled to get a new vehicle varies, with 51% traveling 25 miles, 20% traveling 50 miles and 13% trekking over 250 miles.

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## 'Pretty binding' preorders? Not so much so for Lordstown Motors

Electric-truck startup Lordstown Motors Corporation said in a securities filing that although it has struck vehicle-purchase agreements with fleet-management companies, the agreements don't represent binding purchase orders.

The clarification on June 17 came after the troubled startup's president two days earlier told reporters the company had "pretty binding" preorders and enough interest from potential buyers to sustain factory output through the end of 2022.

Lordstown shares dropped 4.4% upon the clarification. The company's stock had gained 11.3% after the president's initial comments.

The company said the vehicle-purchase agreements generally include a term of three to five years, a designation of Lordstown as the preferred supplier and down payment terms, which usually are 5% down 90 days before the requested delivery date.

Earlier this month, Lordstown warned it didn't have enough capital to

start commercial production and that there were doubts it could continue operations for another year. The company's top two leaders resigned unexpectedly after a new report from a board committee found inaccuracies in parts of the company's disclosures on truck preorders.

The Ohio-based company said in its June 15 filing that building relationships with specialized trucking and fleet-management companies to incorporate its

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## Dealers increasingly threatened by both low-tech, high-tech crime

Although high-tech crime gets most of the headlines, low-tech crime poses a serious threat to dealerships, too, according to Andris Berzins, Special Investigations Unit team supervisor for Federated Insurance.

For example, there's catalytic converter theft, where thieves steal the emissions-control devices and sell them to scrappers who recover the precious metals inside. Each converter contains just a few grams of materials such as rhodium, palladium and platinum, but those bits add up. Pure rhodium fetched \$14,500 an ounce in December 2020, according to the National Insurance Crime Bureau.

Berzins said a cordless reciprocating saw is all the technology a well-equipped catalytic converter thief needs.

The NICB said there were an average of 1,203 catalytic converter thefts a month that resulted in an insurance claim in 2020, up from a monthly average of 108 in 2018. The victims in those statistics include individual consumers and commercial businesses.

There probably are many more catalytic converter thefts that don't result in a claim because the victim doesn't have insurance or doesn't file a claim because the value of the claim doesn't

exceed the deductible by enough to make a claim worthwhile, a spokesman for the NICB said.

### Under lock and key

Theft based on stealing car keys is a whole other category of generally low-tech theft, Berzins said. A thief poses as a customer, gets his hands on the keys to a vehicle, then pulls a switcheroo and hands a dummy key back to the salesperson. The thief comes back later and, using the real key, climbs in the vehicle and simply drives away.

"We find it all the time," Berzins said. "The client says, 'But we've got the keys.' They might look like the real ones — unless the salesperson actually tests it."

A thief with enough nerve could just hop into a car with keys in it in the service lane, or even with the motor running. "Service departments should not leave keys inside vehicles, even in the service bay," he said, and dealerships should require strict procedures to control access to keys.

There's also a higher-tech method of intercepting the radio-frequency identification (RFID) signal from remote-control key fobs and creating a new key to "spoof" the car into accepting the new, phony key, Berzins said.

However, it's inconvenient and risky for thieves because it requires at least two people to pull it off: They have to be close to the vehicle when someone unlocks it; and it requires the thieves to steal the car right away, while the fake key works.

### Not-so-welcome mat

A common problem is that dealerships might not be vigilant enough. To put that more positively, Berzins said dealerships understandably may be "too" welcoming because, after all, they're trying to sell cars.

"If you're there to purchase a vehicle, or just to wander around, I can't think of any place more inviting" than a dealership, he said.

Meanwhile, he said successful thieves really do study dealership routines. They may know where unsecured keys are kept, for instance. Thieves also tend to choose busy times, when they can disappear in the hustle and bustle.

Naturally, thieves also are known to strike at night when no one's around. Berzins said relatively low-tech countermeasures include motion-detection lighting and security cameras, plus ways to physi-

cally make it difficult to drive off with stolen cars, such as vehicles parked at night at entrances and exits, plus gates, fences or even ditches.

### Too good to be true

None of this is to minimize the high-tech threat, which is serious and getting worse, especially as thieves try to purchase vehicles online using stolen or phony identities, Berzins said.

"There've been a lot of technology advances, a lot of technical advances for the vehicles," he said. "The problem is, technical advances are also moving forward for the criminals."

Still, he said there are ways internet thieves often tip their hands. Warning signs include whether someone uses a credit card or a cashier's check for the down payment; whether they're unusually eager to take delivery, with some compelling story, like they're moving; and whether they request delivery somewhere unusual, other than home or office.

"If it seems to be too good to be true, it probably is," Berzins said. "If someone's traveling five states just to get a vehicle from you, that's a great big red flag."

## Congratulations!

**Gerald Kia of Naperville** was one of 40 U.S. dealerships named as a winner of the 2020 Kia President's Club.

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## Chicago Auto Show's tracks, rides a'plenty get show-goers into vehicles

The Chicago Auto Show will be alive with motion next month, with the show securing two indoor tracks, two more outdoor tracks, and outdoor ride-and-drives by nine and maybe 10 brands. The show is July 15-19.

Outdoor activities will be at an all-time high for the 120-year-old show. Of course, the 2021 edition will be the only one not to have been held in late January or February. A high-octane street fest will close the show's first four days.

Admission tickets cost \$13 each and are sold exclusively online at [www.chicagoautoshow.com](http://www.chicagoautoshow.com). Full information for visitors to plan their trip also is on the website.

As it is among the first U.S. auto shows since the curtain came down on the 2020 Chicago Auto Show, expect plenty of global and North American debuts next month. For one, Ford will introduce its Maverick compact pickup truck, which will be introduced along with the all-new F-150, all-electric F-150 Lightning, Bronco, Bronco Sport and Mustang Mach-E.

"Ford jumped at the opportunity to take advantage of our expanded outdoor space to showcase its latest models to the public," said Chicago Auto Show General Manager Dave Sloan. "It's also exciting that show attendees will be the first in the world to experience both the 'Built Wild' and 'Built to Electrify' activations, as

both make their global debuts at our show."

Ford is planning a Bronco heritage outdoor display to show off the model's robust history and evolution over the years. Indoors, a highly interactive display called "Ford Built Tough" will highlight the brand's latest truck lineup, performance vehicles, passenger cars and commercial products.

Other fan-favorite attractions such as the Camp Jeep and Ram Trucks Territory test tracks return indoors.

"Those experiences are among the top reasons people love to attend the Chicago Auto Show," Sloan said. "Because of their popularity, people were used to waiting in long lines. This summer, the consumer experience will be elevated because now people will be able to electronically book a time slot for these experiences in advance as they plan their visit, which is a benefit of the effort we're taking to diminish lines and reduce congestion within the exhibits."

The outdoor street fest will treat attendees to an array of shiny new cars, trucks, and SUVs parked along Indiana Avenue; local food from pop-up food trucks and tents — including Smoke Daddy, Tuco and Blondie, Connie's Pizza, Monk's Burger Bar, Sausage Fest and Nice Buns — tasty sweets from vendors such as Andy's Frozen Custard, Cookies w/Flavor and A Sweets Girl Cupcakes; local brews from Chicago-based Goose Island; and music

by varying local musicians spanning an array of genres.

"We're very appreciative of the cooperation from Chicago Alderman Pat Dowell and McCormick Place officials who have been so accommodating as we bring the vision of our special edition auto show to life," said CATA Chairman Kevin Keefe. "The Chicago Auto Show street fest is a prime example of the cooperation extended to us."

Admission tickets that are secured for the evening time block grant attendees access to the show and to the street fest.

Outdoor ride-and-drives will be hosted by Chevrolet, Chrysler, Dodge, Fiat, Ford, Jeep, Kia, Lincoln, Ram, and Subaru, and possibly Volkswagen.

The Chicago Auto Show is committed to providing a safe environment for all involved and will carefully adhere to the health and safety protocols and guidelines set forth by city and state officials.

Beyond the electronic ticketing process, show management will regulate the number of attendees throughout each day to control the number of people on the show floor at any given time.

Masks are recommended for individuals who are not fully vaccinated. It is suggested that all attendees bring a mask in the event it is required for participation in one of the test tracks.

The day before the show opens to the public, during an abbreviated Media Preview, brief news conferences will be held in the displays of Ford, Jeep, Kia, Lexus, Nissan, Ram, Toyota and Volkswagen.



### Discounted auto show admission!

Members of the CATA are the only group eligible to access vouchers to gain admission to this summer's Chicago Auto Show at a reduced price. Call the CATA at (630) 495-2282 to learn how to obtain the vouchers for \$6 each. Adult admission regularly is \$13.

## US push for self-driving cars faces opposition from unions, lawyers

The U.S. Senate Commerce Committee on June 16 again rejected attempts to lift regulations to allow for the deployment of thousands of autonomous vehicles as union groups and attorneys campaign against the legislative proposal.

The committee rebuffed the bid by Sen. John Thune, R-S.D., to attach measures lifting regulations on autonomous vehicles to a \$78 billion surface transportation bill after he sought to attach it in May to a bill on China tech policy.

Thune has proposed granting the U.S. National Highway Traffic Safety Administration the power to grant exemptions for tens of thousands of self-driving vehicles per manufacturer from safety standards written with human drivers in mind.

The surface bill, which would boost funding for Amtrak



and other transportation needs, was approved by the committee on a 25-3 vote.

Thune and other lawmakers have sought for nearly five years to win approval.

The senator argued autonomous vehicles could help eliminate numerous deaths due to human error such as distracted or impaired drivers.

Commerce Committee Chairwoman Maria Cantwell, D-Washington, cited recent Tesla crashes and other recent incidents involving driver assistance systems in her

response.

"It seems like every other week we're hearing about a new vehicle that crashed when it was on Autopilot" Cantwell said. "I do think this is legislation that we can complete by the end of this year. ... These last issues are very thorny as it relates to legal structure."

"Democrats have yielded to pressure from special interests against the best interests of our economy and the American people," Thune said. "Are we really going to continue to ignore the enormous safety

benefits of these vehicles?"

Thune said that the "Teamsters and trial lawyers" are opposed to self-driving legislation and they "seem to own lock, stock and barrel the Democrats on this committee."

The Teamsters did not immediately comment. The American Association for Justice, which represents plaintiff lawyers, said it "will continue to oppose any legislation that exempts the driverless car industry from basic safety standards, and allows auto and tech companies to

avoid being held accountable through the use of forced arbitration clauses."

The Self-Driving Coalition, which represents Ford, Alphabet Inc's Waymo, Volvo and others said "the exclusion of AV legislation from current surface transportation reauthorization bills reflects yet another missed opportunity to save lives" but it vowed to work with lawmakers.

Greg Regan, president of the Transportation Trades Department for the AFL-CIO, told U.S. lawmakers in May that autonomous vehicles place "millions of jobs at risk" and any self-driving legislation should not apply to commercial trucks.

Waymo and rival Cruise, a unit of General Motors, have applied for permits to start charging for rides and delivery using autonomous vehicles.

### Shortage

CONTINUED FROM PAGE 1

Supply chain issues and labor shortages will continue for the rest of the year and the struggle to keep up with vehicle demand won't go away overnight. It is like "a bunch of gears turning together," Mays said.

Even a drive to another state may not be enough for shoppers to get precisely what they want. Car buyers should "be ready to compromise on things like color and specific features," Gill said.

### Lordstown

CONTINUED FROM PAGE 1

debut model, the Endurance, into their programs is an essential sales and marketing strategy.

"They do not commit the counterparties to purchase vehicles, but we believe that they provide us with a significant indicator of demand for the Endurance," Lordstown said of the vehicle-purchase agreements.

Lordstown and several rival electric-vehicle challengers have experienced a

reversal of fortune in recent months, going from being among Wall Street's hottest investments to targets of short sells, financial regulators and critics doubting their future.

In March, the company said it struck agreements with an affiliate of the New Jersey-based dealership group Holman Enterprises to co-market and co-develop business opportunities. The pact also includes a co-marketing agreement involving Lordstown and Holman's leasing and fleet-management services arm.