



Volume 115, No. 3

January 29, 2018

Curtain set to rise on 2018 Chicago Auto Show

With automakers buoyed by three straight years of 17 million-plus new-vehicle U.S. sales, expect them to raise the bar for the coming 10-day Chicago Auto Show, Feb. 10-19.

Actually, that's not quite right. The show actually is a three-legged stool: the two-day Media Preview; First Look for Charity (see article below), and the show's 10 public days that follow.

Buy tickets online, print 'em out at home and avoid the box office lines. Tickets are \$13 for adults; \$7 for seniors aged 62 and older and for children ages 7 to 12; and children 6 and younger



are free with a paid adult.

Parking in two of McCormick Place's three lots, Lots A and C, costs \$23; in Lot B, it costs \$15. At 6 p.m. daily, the rate at all three lots drops to \$10.

Special parking rates also will be offered Saturdays, Sundays, and Presidents Day, Feb. 19, with free roundtrip shuttle bus service from the Millennium Park and Millen-

nium Lakeside Garages. On those days only, parking rates there are \$18 for 12 hours with validation, which will be provided upon shuttle exit.

The 2018 version of ChicagoAutoShow.com is fully functional for all devices — desktop, tablet and mobile — allowing users the same experience whether they are at home, work or on the go. The CATA has arranged for free high-speed WiFi at the show, to allow attendees to share their experiences through social media, the show website, and the official Chicago Auto Show app.

Media Preview

The Media Preview cur-

tain rises Feb. 8 with the Midwest Automotive Media Association breakfast, featuring keynote speaker Thomas Doll, president and chief executive of Subaru of America. Hours later, Hinrich Woebcken, CEO of Volkswagen's North America Region and president and CEO of Volkswagen Group of America, Inc., will be the guest speaker at the Economic Club of Chicago Luncheon, a monthly gathering which in February is held at McCormick Place for the auto show.

About 3,500 registered
SEE **AUTO SHOW**, PAGE 4

Auto show gala aiming to raise \$3 million for 18 area nonprofits

Eighteen Chicago area charities will benefit from about \$3 million expected to be raised by the black-tie gala held in conjunction with the 2018 Chicago Auto Show in February. Now in its 27th year, First Look for Charity is held the evening before the auto show opens to the public.

The coming "First Look" event, on Feb. 9, gives benefactors the chance to

see the hundreds of new vehicles on display amid an elegance not present when about 1 million people converge on McCormick Place during the auto show's 10-day consumer run, Feb. 10-19.

About 10,000 attendees at the charity gala will be treated to hors d'oeuvres; champagne, wine, beer and soft drinks; and special entertainment presented by

the automakers in their displays.

Benefactors in attendance also have the chance to win one of two 2018 Ford vehicles: an Expedition or a Mustang GT Convertible.

Tickets are \$275 each and can be purchased at www.firstlookforcharity.org. Ticket proceeds can be directed to benefit any or all of the charities, and \$223 is tax-deductible.

Dealerships must change to meet web-savvy consumer expectations

Dealers must streamline the in-dealership car-buying experience and change to allow web-savvy consumers to complete one or more steps of the purchase process online, according to Cox Automotive's "Future of Digital Retail Study," released Jan. 14.

Sandy Schwartz, president of Cox Automotive, said the survival of OEMs is contingent on car dealers who must invest in technology and processes to bring the car-buying process more in line with consumer expectations.

"Think about what needs to get better today in car buying," he said. "Unless things change drastically, those OEMs are not going to survive without the car dealer and the ecosystem that is out there today. That dealer is really important."

"We are focused on the long-term and we are very, very focused on the short-term: what's going on today and how we can make the buying experience faster, less expensive for the dealer."

But not only will the car-buying process change, so will car ownership once autonomous car technology is perfected and vehicle- and ride-sharing continue to grow in popularity, Schwartz said.

Positioning for the future

That's why Cox Automotive is working with technology and companies that will position it to help its dealer and OEM customers now and in the future, he added.

Though fleet ownership won't change the absolute number of vehicles in use, it will have "massive implications" for industry players, predicts Grace Huang, Cox Automotive president of inventory solutions.

"First, it's the dealer," Huang said. "It's no longer just sell and lease. It's sell, lease and subscribe. Those dealers will also become the fleet owners of the future. For OEMs, it's not just selling the cars direct to the customer anymore. It's also going back to what they did with rental cars in the past and owning that fleet and being that fleet provider."

"And last, it's the lender. They'll no longer be lending direct to the consumer, but they'll be lending to the new fleet owners in the U.S., whoever they may be. So, lots of massive implications."

The Future of Digital Retail Study is based on responses from 2,550 car shoppers who said they plan to buy a car within 12 months. It revealed that the biggest gripe consumers have about the in-dealership, car-buying experience is that it takes too long — about three hours for the average buyer.

And fully half of that time is devoted to negotiating financial details, such as vehicle price, financing, trade-in value and accessories, the study reported.

In Memoriam

Jerold A. "Jerry" Borg, who owned a namesake Pontiac dealership in Downers Grove from 1963 to 1995, died Jan. 14 at age 92.



An Iowa native, Mr. Borg served as a pilot in the U.S. Navy during World War II and was a graduate of the University of Dubuque, where he lettered in basketball and track and was inducted as a member of the university's athletic Hall of Fame. While operating Borg Pontiac, he served on the CATA board of directors from 1986 to 1989.

Mr. Borg was a longtime member of Knox Presbyterian Church and Cress Creek Country Club, both in Naperville; and Bear's Paw Country Club, in Naples, Florida. He was a founder of the Indian Boundary YMCA in Downers Grove, was instrumental in establishing Samaritan Interfaith Counseling Center in Naperville and was active with the Boys & Girls Clubs of Downers Grove. He enjoyed playing golf and held a private pilot license.

Survivors include Corrine, his wife of 68 years; daughters Karen and Linda; a son, David; nine grandchildren; and 11 great-grandchildren. Visitation is 2-6 p.m. Jan. 28 at Friedrich-Jones Funeral Home & Cremation Services, 44 S. Mill St., Naperville, followed by a celebration of his life at 12 p.m. Jan. 29 at Knox Presbyterian Church, 1105 Catalpa Ln., Naperville.

In lieu of flowers, memorials appreciated to Knox Presbyterian Church, (630) 355-8181, or the Alzheimer's Association, (800) 272-3900.

No more old Buyers Guide

As of Jan. 27, the previous version of the Buyer's Guide cannot be used. The rule surrounding the current version took effect Jan. 28, 2017, but the Federal Trade Commission gave dealers a one-year grace period to draw down their inventories of the old version.

The CATA Bulletin is produced by the
Chicago Automobile Trade Association
18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810

The CATA Bulletin is distributed via blast email every other Friday except during the Chicago Auto Show, when it is not produced.

Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full resume to the Editor.

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

David E. Sloan
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

A new year at the NADA

BY MARK SCARPELLI, CHAIRMAN
NAT'L AUTOMOBILE DEALERS ASSN.

I am extremely proud of the thousands of franchised auto dealers across the nation. Despite an ever-changing landscape in our retail business, we closed out 2017 with **17 million** new-car and -truck sales. We are looking toward 2018 with optimism and confidence.

We saw many challenges to the dealer business over the past year and, thanks to the passion and hard work I've seen around me, we are in much better standing for 2018. I am proud to say that we have been successful in our efforts to prevent elimination of dealer discretion and consumer discounts in auto financing. We rightly advocated for our customers and Washington heard us loud and clear.

The NADA's alternative policy ensures fair credit compliance and also preserves the ability of dealers to offer discounts to our customers. We also successfully fought attempts to ground all used vehicles at the dealership with open recalls — again standing with our customers and preventing Washington from imposing a costly trade-in tax on consumers. And most recently we preserved 100-percent deductibility on floor plan interest, a cornerstone of the dealer-

ship business model.

However, the work never ceases. The NADA is pushing ahead so that we have a secure and stable industry into the future. The newest challenges have come in the form of legislation to regulate self-driving vehicles, and we are continuing to advocate legislation that explicitly preserves state vehicle licensing and franchise laws. And as we navigate the Trump Administration, we are staying on top of tax reform and critical issues that will affect our operations, such as LIFO and the estate tax.

We have worked harder than ever to build stronger relationships with our manufacturers. I have made it my priority to address the negative impact of stair-step programs head-on. During my chairmanship, the NADA has had many meetings with OEMs to share the results of our landmark study that highlights the importance of transparency, trust, loyalty and commitment to our brands.

Dealers are in resounding agreement that factory efforts should help our customers and our businesses, not harm them. You can be sure the NADA will continue to expand this platform so that dealers and OEMs work symbiotically, as we should. It was my privilege to address this very issue in front of the automotive press in Detroit last October as an advocate for my fellow

dealers.

Finally, the fight to defend our franchise system will never end. The NADA has embraced a dynamic approach, and we have pushed newer social media platforms to spread the news about the benefits of the franchise system — especially in times of dire need. The 2017 hurricanes and California wildfires ravaged homes, businesses and families. But the amazing network of dealers who quickly stepped up to help fellow dealer families in their darkest hours, has made lasting impacts on thousands of our employees. I'm proud that together we have raised millions of dollars for the NADA Emergency Relief Fund—funds that are still being distributed today.

I cannot say this enough: I'm so proud to be an auto dealer. And I'm proud of the work we've done to power this industry for more than a century. We have stood the test of time, and we are ready to tackle the next 100 years.

I hope to see you all in Las Vegas for the 2018 NADA Show, where we will ring in our 101st year as your national association and your strongest ally. I wish you and your employees a prosperous 2018!

Mark Scarpelli is a Chevrolet and Kia dealer in Antioch, Ill.

Trump looks to lower mpg rules but more EVs, hybrids on the way

Automakers are expecting the Trump Administration to propose lightening fuel economy standards in late March, potentially making it easier to keep selling more trucks and SUVs, which carry fatter profits.

But even if the National Highway Traffic Safety Administration eases the standards, as expected, automakers will keep investing in battery and fuel-cell technology to lessen the automobile's dependence on the internal combustion engine because large markets such as Europe and China continue to establish CO₂-reducing regulations, and future White House administrations and Congresses likely will move to reinstate tougher rules.

Acting NHTSA Administrator Heidi King said this month

that the coming proposed rule would be released March 30 and would cover model years 2022 through 2025.

"It will be a proposal that will stimulate dialogue, robust listening to the data and the stakeholders that should inform a decision before we go to a final rule stage," she said.

The auto industry has lobbied Trump to revisit the fuel-economy standards because persistently low gas prices are driving consumer demand for pickup trucks and SUVs, which get poorer gas mileage than small and hybrid passenger cars.

Trucks, SUVs and crossovers account for about two-thirds of new-vehicle sales, compared with one-third going to two- and four-door passenger cars.

Member-discounted tickets to 2018 auto show on sale now

Tickets and vouchers that admit the holder to the 2018 Chicago Auto Show free or at a reduced price can be ordered by CATA members using the order form posted at www.CATA.info.

The passes promote goodwill with customers and even can help persuade a prospect to close a deal. Two kinds of passes are available, General Admission ticket and Week-

day Discount voucher. The former, which costs CATA members \$600 for 100 tickets, admits the holder to the auto show free, without a box-office wait. The Weekday Discount voucher costs members \$100 for 100 and admits the holder for \$7 during the week.

Regular admission is \$13. A minimum 100 passes must be requested with either order.

Auto Show

CONTINUED FROM PAGE 1
media and an additional 1,500 invited bloggers, digital influencers and shouters will be on hand for the two-day Media Preview, to report on an anticipated 20 new-vehicle introductions.

Public show

The automakers are getting creative with their displays; they're so much more than cars on carpet! This year, attendees again have the chance to test-drive vehicles — at the indoor test tracks and in outdoor ride-and-drives — interact with the latest technology and safety features, and participate in new, engaging activations.

This year's show boasts three indoor test tracks among the Jeep, Kia and Toyota brands, and six outdoor test drive opportunities by Cadillac, Ford, Kia, Mazda, Subaru and Volkswagen.

Expect plenty of television coverage of the nation's largest auto show. Locally, in addition to intermittent "throws" to reporters on the show floor, watch special programming from four Chicago TV stations: ABC, CBS,

Telemundo and WGN.

Initial broadcasts of the specials will be 4:30 p.m. Feb. 10 (Telemundo), 6 p.m. Feb. 10 (ABC and WGN), and 10:30 p.m. Feb. 11 (CBS). All the specials will be repeated during the show's 10-day run.

Special days this year include:

Women's Day, Tuesday, Feb. 13. Women admitted for \$7. Manufacturers present special women-oriented programming on the purchase and lease of cars and maintenance.

Chicago Auto Show Food Drive, Feb. 14-16. Show patrons who bring three cans of food receive a voucher for a \$7 adult admission. All canned food will be donated to A Safe Haven Foundation.

Hispanic Heritage Day, Friday, Feb. 16. Since 2007, Telemundo has partnered with the Chicago Auto Show to present special events, including autograph signings and music performances.

Family Day, Monday, Feb. 19. Family-friendly events with fun games, prizes and entertainment.

Unemployment claims deflected

One hundred forty-six CATA dealer members reported a combined 1,302 unemployment claims during the fourth quarter of 2017 to Sedgwick Claims Management Services, Inc., which has been serving CATA dealers under various names since 1979. The company's efforts saved those dealers a total of \$1,327,596 in benefit charges by contesting the claims.

By comparison, there were 331 unemployment claims at member dealerships during the year's first quarter.

Sedgwick, Inc. monitors any unemployment claims against its clients and contests all unwarranted claims and charges. The company counts about 235 CATA dealers among its clients.

Claims that can be protested and subsequently denied help minimize an employer's unemployment tax rate. The rate can vary between 0.525 percent and 6.925 percent of each employee's first \$12,960 in earnings.

The 2018 average unemployment tax rate & new employer rate for Illinois

employers is 3.225 percent, or about \$418 annually per employee (\$447 in 2017). The rate continues to inch down from 2007, as the Illinois economy continues to improve.

"The unemployment tax is really the only controllable tax in business, in that it's experience-driven," said Paul Schardt of Sedgwick. An ex-employee's claim affects the employer's tax rate for three years.

For new enrollees, client fees amount to \$2.85 per employee, per fiscal quarter. For the fee, Sedgwick monitors all unemployment claims; files any appeals; prepares employer witnesses for hearings, as necessary; represents the client at any hearings; verifies the benefit charge statements; and confirms the client's unemployment tax rate.

For more information and information on how to retain Sedgwick's unemployment services, call Bruce Kijewski at (773) 824-4322 or email him at Bruce.Kijewski@Sedgwick.com.

Newsletter on hiatus

The CATA Bulletin takes a one-issue break on Feb. 12, in deference to the Chicago Auto Show. The next edition is Feb. 26.

