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Keefe elected CATA chairman for board of directors' 2020-'21 term

Kevin Keefe's fellow directors of the Chicago Automobile Trade Association voted him chairman of the board for the next 12 months, when the directors met June 17 for their monthly meeting.

The new board chairman succeeds Bill Haggerty, who becomes chairman of the 2021 Chicago Auto Show, Feb. 13-21 at McCormick Place. Keefe will act as the show's co-chairman.

Keefe, proprietor of Brilliance Honda (Crystal Lake) and Brilliance Subaru (Elgin), leads a board that currently counts 15 dealers.

Other board officers include Vice Chairman JC

Phelan (Jack Phelan Chevrolet, Lyons; Jack Phelan Chrysler-Dodge-Jeep-Ram, Countryside); Treasurer Jay Hopkins (Hopkins Ford of Elgin); and Secretary Kelly Webb Roberts (Genesis of Highland, Ind.; Webb Chevrolet, Oak Lawn and Plainfield; Webb Hyundai, Highland and Merrillville, Ind.; and Webb Mitsubishi, Merrillville). Dave Sloan is president of the association.

One director, Tony Guido (Arlington Heights Ford) retired from the board in June after service since 2010. During his tenure, Guido ascended to board chairman.



Kevin Keefe



Bill Haggerty

In other CATA board news, four incumbents running for second terms won re-election this month. In results announced June 17, John Crane (Hawk Auto Group), Fred Marks (Classic Toyota-Kia, Waukegan), Jason Roberts (Advantage Chevrolet, Bolingbrook and Hodgkins; and Advan-

tage Toyota of River Oaks, Calumet City), and Richard Wickstrom, Wickstrom Auto Group, Barrington) were victorious.

Directors can serve up to three three-year terms. Haggerty and Thomas F. Shirey (Shirey Cadillac, Oak Lawn) are serving their final year on the board.

The PPP is working to keep dealership employees on the payroll

Before COVID-19 struck, America's franchised dealerships — the majority of which are small business as defined by the Small Business Administration — collectively employed more than 1.1 million employees and provided \$69 billion in wages to those employees. Thanks to the federal Paycheck

Protection Program, those wages have remained intact for hundreds of thousands of those dealership employees.

That is exactly what Congress intended when it created the program, meaning the program is working exactly as it should.

The Small Business Administration

and the Department of the Treasury recently disclosed that the SBA will be announcing additional details about the PPP program, including the names of businesses that secured a loan, their addresses, NAICS codes, ZIP codes, busi-

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Forced to adapt to online selling, dealership efficiency grows

Suddenly faced with the unprecedented challenge of having to reinvent the way they do business, America's auto retailers in March faced the giant obstacles of a global pandemic and enforced business closure square in the eye and managed to keep their heads above water. And, as is often the case, they have come out the other side with some learnings that can only help them prosper as business returns to normal.

The first half of 2020 might be the most graphic representation of new learnings that many have ever seen. As the old saying goes, "Whatever doesn't kill you makes you stronger."

One key takeaway from the past three months is that the ability to sell vehicles online, from inquiry to delivery, quickly transitioned from a "nice-to-have" to a requirement. Because many dealership showrooms were completely closed down by governmental orders related to mitigating the spread of the virus, the only way for dealers to sell vehicles was online. As a study commissioned by the National Auto Dealers Association and Roadster discovered, the quick transition to online sales could have long-lasting benefits.

While 76% percent of dealers surveyed said they were able to engage their customers more online, it was in salesroom efficiency that the numbers jump out. Of the dealers surveyed,

61% said that digital retailing improved their efficiency and 24% were able to increase the number of cars sold per person.

"The biggest takeaway in my mind is that if you can make your sales process more efficient, you can be leaner," said Michelle Denogean, chief marketing officer at Roadster. "And that goes both ways. I'm not saying that they should have less people. What I'm saying is as demand goes up, they [dealers] aren't going to need to add as many people. They should elevate their expectations and really look at how they can be more productive using digital retailing."

The effects of the coronavirus pandemic forced dealers to explore how to do more with less. Digital retailing has provided a very welcome solution for many, enabling them to continue to sell cars when they otherwise might have been dead in the water.

While the Roadster/NADA study noted total sales volume was down markedly in the month of April, the volume of online deals grew by 49%. The study said online car sales accounted for 27% of total cars sold in April, compared to just 5%-10% in the months preceding the COVID-19 crisis.

But there is more to the trend than the fact that more and more dealers decided that the time had come to venture into online vehicle sales. The medical/economic crisis also triggered many dealers to

take a long, hard look at their operations with the idea of gaining efficiency.

"It's been a forcing function for them to really think about their business models as they relate to staffing and productivity and the impact from a profitability standpoint," Denogean said.

The study strongly suggests that digital retailing can help dealers be more cost-efficient. The benefits of online sales can improve efficiency in two key related metrics — vehicle sales per salesperson and vehicle sales per employee. According to the NADA, dealers in 2019 spent an average of \$4.09 million in total personnel costs. With online selling, that figure likely could be trimmed.

The COVID-19 crisis became a living laboratory for that because dealers across the country were forced to reduce staff. According to the Roadster/NADA study, dealerships that cut personnel and had online retailing solutions sold an average of 18-plus cars per person in the surveyed month, a 38% increase over the average number of cars sold per person per month in 2019. At

the same time, dealerships that reduced their staff to less than 25% but lacked a digital retailing solution sold an average of 12 cars per person.

One key reason that online selling worked so well is that saving time per transaction enables dealerships to sell more with less. With shorter transaction times, dealership staff can complete more transactions in the same amount of time. Online selling cuts transaction duration drastically because the car buyer does a significant amount of work prior to the completion of the deal, often unaided by dealer personnel.

The Roadster/NADA study showed that dealers who closed their showrooms and put much greater reliance on their Internet and business development centers saved a significant amount of time per transaction. According to the report, 68% of customers said that it took less than two hours for them to complete their purchase in April, in the midst of the COVID crisis, compared to 43% in February before showrooms shut down.

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David E. Sloan
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

Illinoisans set to move to Phase 4 of recovery

All four regions of Illinois were on track to move on June 26 into Phase 4 of the state's coronavirus reopening plan, as the state continued to make significant progress in reducing new COVID-19 cases.

Hospitalizations and deaths were on the decline in Illinois, with the average seven-day statewide case positivity rate falling to just 2.5 percent as of June 20, according to the governor's office.

Retail workplaces can operate at maximum of 50% of store capacity. Capacity restrictions will be reassessed based on the latest science and public health metrics on an ongoing basis throughout Phase 4.

Uniform workplace

guidelines include:

- Employees should wear face coverings over their nose and mouth when within 6 feet of others (cloth masks preferred). Exceptions may be made where accommodations are appropriate.

- Social distancing of at least 6 feet should be maintained between non-household individuals unless participating in activities permitted under Phase 4 guidelines.

- Employers should provide hand-washing capability or sanitizer to employees and customers

- Frequent hand-washing by employees, and an adequate supply of soap/paper towels and/or disinfectant/ hand sanitizer should be available.

- All employees who can work from home should continue to do so.

Phase 4 also allows for the reopening of businesses such as health and fitness centers, theaters, museums and zoos, and indoor dining at restaurants.

“Over the last four months,” Gov. J.B. Pritzker said, “Illinoisans have pulled together with the common mission of keeping each other safe. By staying home and practicing social distancing, the rate of new COVID-19 cases continues to drop and each region throughout the state is prepared to move to Phase 4 of the Restore Illinois plan.

“Science and data are the overarching guardrails for how Illinois will keep moving forward. By continuing

to wear face coverings and following the guidance from health experts, we can continue to safely reopen our economy and move forward together.”

While each of the second, third and fourth phases of the plan lasted 30 days, there is no timetable for moving from Phase 4 to Phase 5, the final phase of the plan when the state's economy fully reopens. Phase 5 will permit conventions, festivals and large events such as the Chicago Auto Show.

Per the current plan, Phase 5 cannot begin without a coronavirus vaccine or “highly effective treatment” being widely available, or without new cases of the virus being eliminated for a sustained period.

PPP

CONTINUED FROM PAGE 1

ness types, demographic data, nonprofit information, jobs supported, and loan amount in the following ranges:

- \$150,000-350,000
- \$350,000-\$1 million
- \$1 million-\$2 million
- \$2 million-\$5 million
- \$5 million-\$10 million

Those categories account for nearly 75% of the loan dollars approved. For loans under \$150,000, totals will be released, aggregated by ZIP code, by industry, by business type and by various demographic categories.

As of June 20, 5,456 lenders have approved more than 4.6 million PPP loans totaling \$514 billion, with \$128 billion still available to be lent to qualifying businesses which apply prior to June 30.

By industry, PPP loan disbursements were directed to:

- Health Care and Social Assistance: 487,386 loans totaling \$66.5 billion (12.93%)
- Professional, Scientific, and Technical Services: 608,025 loans totaling \$65.6 billion (12.74%)

- Construction: 446,670 loans totaling \$63.9 billion (12.41%)

- Manufacturing: 223,452 loans totaling \$53.6 billion (10.41%)

- Accommodation and Food Services: 354,085 loans totaling \$41.4 billion (8.06%)

- Retail Trade: 432,933 loans totaling \$39.9 billion (7.75%)

PPP loans will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. Loan recipients must maintain at least 75% of total salary prior to the pandemic.

If the employee's pay over the eight-week loan period is less than 75% of the pay they received during the most recent quarter in which they were employed, the eligible amount for forgiveness will be reduced by the difference between their current pay and 75% of the original pay.



DriveChicago.com lists the inventories of CATA dealers free as a membership benefit. Is your feed correct? If not, contact the CATA's Mark Bilek at (630) 424-6082.

New-vehicle quality mainly dependent on trouble-free technology

Components that fail and features that are difficult to use, hard to understand or don't work the way owners want negatively affected automaker scores in the J.D. Power 2020 Initial Quality Study.

The study, released June 24, takes an updated look at the problems owners have with their new vehicles, including those related to new technologies.

"The Initial Quality Study is the industry benchmark for new-vehicle quality and, year after year, automakers apply the insights they learn from consumers to make positive changes," said Dave Sargent, vice president of automotive quality at J.D. Power.

"The higher problem levels we see in this year's study don't mean vehicle quality has worsened; rather, the redesigned study asks additional questions that allow owners to cite more of the problems that they are experiencing."

The study, now in its 34th year, examined problems experienced by owners of new 2020 model-year vehicles during the first 90 days of ownership. Initial quality is determined by the number of problems experienced per

100 vehicles (PP100), with a lower score reflecting higher quality.

Key findings of the 2020 study include:

Most domestic brands are above average. Seven domestic brands — Dodge (136 PP100); Chevrolet (141 PP100); Ram (141 PP100); Buick (150 PP100); GMC (151 PP100); Jeep (155 PP100); and Cadillac (162 PP100) — perform better than the overall industry average of 166 PP100. Collectively, this is the best-ever performance by the Detroit automakers — when compared with the import brands — in the history of the study.

Most premium brands are below average. For most of the past decade, mass market brands have improved relative to premium brands, and this trend continues in 2020. Premium brands generally equip their vehicles with more complex technology, which can cause problems for some owners. Genesis (142 PP100), Lexus (159 PP100) and Cadillac (162 PP100) are the only premium brands that perform better than the industry average.

Japanese brands fail to regain footing. Once re-

garded as the gold standard in quality, most Japanese brands have not improved as fast as competitors have and they continue to trail most Korean and domestic brands. Mitsubishi (148 PP100), Lexus (159 PP100) and Nissan (161 PP100) are the only Japanese brands to rank above industry average. "W. Edwards Deming said, 'Quality is to fulfill the requirements of customers and satisfy them,' and Japanese automakers excelled at this for quite some time," Sargent said. "But some other automakers have surpassed them in recent years by understanding better what quality means for today's owners."

Tesla profiled for first time. Tesla received an initial quality score of 250 PP100. The automaker is not officially ranked among other brands in the study as it doesn't meet ranking criteria. "Unlike other manufacturers, Tesla doesn't grant us permission to survey its owners in 15 states where it is required," said Doug Betts, president of the automotive division at J.D. Power. "However, we were able to collect a large enough sample of surveys from owners in the other 35 states and,

from that base, we calculated Tesla's score."

Infotainment is the most problematic category. Almost one-fourth of all problems cited by new-vehicle owners relate to infotainment. Top complaints include built-in voice recognition; Android Auto/Apple CarPlay connectivity; touchscreens; built-in navigation systems; and Bluetooth connectivity.

The 2020 U.S. Initial Quality Study is based on responses from 87,282 purchasers and lessees of new 2020 model-year vehicles who were surveyed after 90 days of ownership. The study, which provides manufacturers with information to facilitate the identification of problems and drive product improvement, was fielded from February through May 2020.

The 2020 redesign marks the fifth generation of the study, which is now based on a 223-question battery organized into nine vehicle categories: infotainment; features, controls and displays; exterior; driving assistance (new for 2020); interior; powertrain; seats; driving experience; and climate.

New minimum wage rates coming July 1

The minimum wage in Illinois increases to \$10 on July 1, up from \$9.25. New employees can be paid up to 50 cents less per hour during their first 90 days of employment. For employees under age 18 who work less than 650 hours per calendar year, hourly pay can remain at \$8.

Beginning Jan. 1, 2021, and on each subsequent New Year's Day through 2025, the minimum wage will increase

by \$1, settling at \$15 an hour on Jan. 1, 2025.

Businesses in Cook County and Chicago and select home rule communities are subject to higher minimum wage rates. The Cook rate increases July 1 to \$13 an hour, up from \$12, and Chicago increases to \$14 an hour, up from \$13.

Indiana follows the federal minimum wage guideline, currently set at \$7.25 an hour.