



Volume 118, No. 11

May 31, 2021

## ‘People still want to go to the dealership’

Many car dealers now regularly home deliver newly purchased vehicles to customers who ask for that service. But is a higher next-level on the digital horizon?

The issue came up at a Reuters’ online event at which moderator Tanya Gazdik of MediaPost asked, “Will automakers be like Amazon Prime, where you order a car and it shows up in your driveway a day or two later?”

Online retail giant Amazon is an example of a company that offers great customer experiences, said panelist Laura Rathai, a Hyundai marketing director. But she added that most consumers aren’t interested in completely bypassing the dealership experience.

“People still want to go to the car dealership,” she said. “The experience at the dealership can’t be underestimated. That’s where people smell and feel the car and get the confidence of their ve-

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## 2 bills important to dealers, their technicians nearing General Assembly passage, but session deadline looms

Several high-profile initiatives hang in the balance as the Illinois General Assembly inches closer to its scheduled May 31 adjournment, among them a state budget, new legislative district boundaries, clean energy initiatives, an elected school board for Chicago, and an ethics overhaul in the wake of a sprawling corruption probe.

The glut of initiatives threatens to crowd out two bills important to dealers that stand on the doorstep of advancing out of the legislative body and to the desk

of Gov. J.B. Pritzker: how manufacturers must compensate dealers for repairs of vehicles under warranty, and abolishment of the \$10,000 limit on the trade-in credit allowance for first division vehicles, a limit that took effect in 2020.

The CATA, the Illinois Automobile Dealers Association and a list of others have advocated for both bills, and dealers and their technicians are urged to contact their state senators now to voice their support and to exhort Senate President

Don Harmon (D-Oak Park) to call House Bill 3940 for a third reading in the Senate and advancement to Pritzker.

The bill, which addresses the warranty work, passed the 17-member Senate Executive Committee May 20 on a 16-0 vote, with Harmon not voting.

Automakers consider different time guides for the same repair when technicians fix a car under warranty versus the longer time considered when customers pay

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## EVs need fewer repairs, right? Wrong, study says

“The cost of EV service is less than for gasoline-powered and hybrid vehicles, right?” asked Renee Stephens, a vice president at the data firm WePredict, citing conventional thinking. Then she added: “Wrong.”

Her firm’s aggregated repair data indicate EV parts and labor currently cost twice as much as other vehicles.

That’s probably not surprising about EV parts, which can include complex electrical systems. But what about labor? Turns out, that per-hour work really drives up the cost of servicing EVs, Stephens said during an

online Automotive Press Association program on a WePredict study on early vehicle-repair costs.

Stephens explained: “EVs require service technicians to spend much more time figuring out what is going wrong. They are on the phone more with the manufacturer. They are on more test drives.”

Technicians typically write a brief report summarizing their repair orders. What technicians write for EVs can stretch on. “Those reports are paragraphs long, some 1,000 words

SEE **EVs**, PAGE 4

## Libertyville new-vehicle dealerships donate \$30,000 to local charities

The 12 retail auto dealerships in Libertyville that make up the Libertyville Mile of Cars donated \$30,000 to four local charities during the Village of Libertyville Board Meeting on May 27.

The donation was part of the Libertyville Rewards program that ran in the village October 2020 through February 2021. When consumers purchased or leased a new vehicle at a Libertyville Mile of Cars dealerships, they received certificates from the Village of Libertyville, usable towards goods and services at participating Libertyville businesses.

And for each benefiting customer of the Libertyville Rewards program, the dealerships pledged a donation

of \$100 towards local charities that are responding to community members in need.

The four charities chosen to benefit were Lake County Haven, the Libertyville Township Food Pantry, PADS Lake County, and Youth & Family Counseling. All four charities are responding to community members in need during the difficult economic time created by the COVID-19 crisis.

Glenn Bockwinkel, chairman of the Libertyville Auto Dealers Association, is a program supporter. "The Libertyville Rewards program is great for so many reasons. It promotes shopping at the local dealerships

as well as other Libertyville businesses that participate in the program, and it helps four great charity organizations. This is really all part of what makes Libertyville a great place to live and work."

Retail auto related businesses represent about 60% of all sales tax receipts received by the village — taxes which support needed services and facilities, including parks, fire and police protection. The businesses also employ nearly 800 people. Their community support extends far beyond taxes and provision of jobs to sponsorship of the village's Independence Day fireworks and various organizations.

According to Libertyville Mayor Terry Wepler, "Vehicle-related businesses are crucial to our local economy through their sales taxes, employment, connections to other local business, and their ongoing support of community events and organizations."

The Libertyville Rewards program is part of the Shop 60048 effort, a program intended to strengthen Libertyville businesses through encouraging area residents to shop locally. When residents shop locally, it helps add to local sales tax revenues which support village services. More importantly, it strengthens local businesses and provides employment opportunities.

## Legislation

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for the work. The bill requires manufacturers to compensate dealerships for warranty work in the same manner that retail customers pay for retail work, in terms of time allowances, labor rates, and parts prices.

Mechanics Local 701, the union representing area technicians at dealerships, is working with the CATA to champion the legislation. Supporters say HB 3940 would bring a fairness to the payment process that could attract new technicians to dealerships. Wisconsin has had similar policy in place for more than a decade.

In addition to establishing an equitable compensation scheme for warranty work, the bill would prevent manufacturers from imposing cost recovery fees or surcharges to

overcome the bill's effect.

The other bill, Senate Bill 58, would end the cap on trade-in credit allowances. The CATA has proposed an alternative: Raise the tax on private party sales, whose rates have not been raised in decades.

Over the last three years, an average 850,000 private party sales were transacted in the state of Illinois. Capping the trade-in credit on a retail transaction makes private party sales more attractive to the consumer, which means less revenue for the state. Dealerships also collect and remit tax due much more effectively and completely than do individuals.

A second reading for the bill was on the House calendar on May 26. Supporters of SB 58 should express that to their state representatives in the House.

## Marketplace

**GSM/Finance Manager** Dynamic relationship builder, effective communicator skilled at prospecting. Great closing ability. Young and highly motivated, actively seeking to continue investment in a managerial or administrative role. Jonathon Moroni, (630) 819-9368. Résumé on file at the CATA.

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](http://www.cata.info/publication/bulletins).

David E. Sloan  
Erik K. Higgins

President, Publisher  
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## Hersey student wins 2021 Spirit of Carol Cooling scholarship

For the eighth year, the CATA presented the Spirit of Carol Cooling Scholarship to a graduating senior at a northwest suburban high school. Emily Seriruk on May 19 received a \$1,000 grant to put toward future studies. The CATA established the scholarship — a \$1,000 grant — to honor Cooling, a Hersey alumna and long-time NBC 5 Chicago Special Events Director who died in 2013 following a battle with cancer.

As the producer of the Chicago Auto Show, the CATA worked closely with Cooling and NBC 5 to help facilitate the station's live TV auto show specials that garnered several Emmy Awards. When Cooling died, CATA leadership wanted to contribute to a cause that would enable her spirit to live on.

"At the time of Carol's passing, CATA Chairman John Webb had the idea to create this wonderful scholarship as a way to pay tribute to such an impactful, larger-than-life person," said David Sloan, president of the CATA and general manager of the Chicago Auto Show. "I continue to feel very fortunate to have the opportunity to present this scholarship to deserving Hersey High School students, and I am certain Carol would be touched to see her legacy live on in such an influential and positive way."

The Hersey High School scholarship committee selected Seriruk as the recipient of the scholarship because she embodies many of the characteristics also used to describe Cooling. Attributes such as "driven, ambitious and resilient" are commonly used by Seriruk's teachers and

peers.

"Taking the words from Emily's English teacher, Kyle Marquette, 'Emily is a fighter,'" said Hersey Assistant Principal John Novak. "She does not back down from challenges, but rather uses them as motivation to continually better herself."

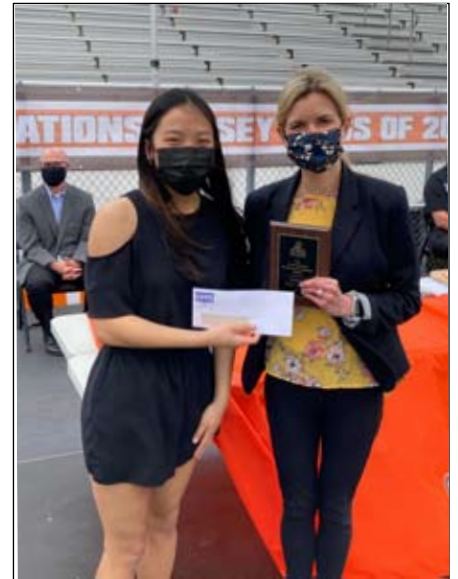
According to Novak, Seriruk has proven her ability to balance a rigorous academic schedule with her involvement in the peer tutoring program Service Over Self, the Asian American culture club, the math team and the badminton team.

"As if these activities weren't enough to fill her time, Emily also held a part-time job outside of school," said Novak. "Her determination and can-do attitude are what set her apart from other scholarship candidates."

Novak said: "Emily truly embodies the characteristics of the Spirit of Carol Cooling Scholarship. She treats people with respect and has the ability to make a positive impact on those around her. We are thankful to the Chicago Automobile Trade Association for honoring such a deserving young adult in Carol Cooling's memory."

Seriruk graduated from Hersey High School this month and will attend the University of Illinois at Chicago this fall. She plans to study chemical engineering. She will apply her scholarship to help pay for her UIC tuition.

"I've heard that Carol Cooling radiated positivity and made a great impact on everyone in her life, and I strive to do that as well, whether it's from simply tutoring my peers or planning to improve people's lives through solving real-world problems as a chemical en-



Emily Seriruk, left, receives her scholarship grant from the CATA's Jennifer Morand on May 19.

gineer," said Seriruk. "I believe I met the requirements of the scholarship because I am driven to work hard to achieve my goals, including maintaining a 4.73 GPA and financially helping my mom from a young age."

"I am beyond grateful to have received this scholarship, and I can't even begin to explain how much it means to me," Seriruk continued. "I really wish I could have met Carol Cooling, as she exemplified the type of person I strive to be. Her accomplishments demonstrated her passion and hard work that result in achieving great things."

"I am honored to carry on her legacy by graciously taking this scholarship and applying it to my own education to pursue a career where I hope to make a positive difference in the lives of others."

The CATA will fund the scholarship at Hersey through 2024.



## 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.

## EVs

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or more,” Stephens said.

“This is part of an industry learning curve,” she said, adding that the new generations of established EV models show far fewer issues than do newly introduced versions.

For example, the Chevrolet Bolt and Nissan Leaf, which have been on the market for years, did well on

WePredict’s ranking of vehicles with low service costs and needs. She expects repair costs will drop as newly introduced EVs are on the market longer and work-in-progress improvements are made for later generations.

EV models that have been around for a while “had issues, too, when they first came out,” Stephens said. “It bodes well to see the improvements with later generations.”

## Reopening

CONTINUED FROM PAGE 1

hicle choice. People so much want to go to the dealership.”

Co-panelist Beth Mach agreed. Human senses come into play at the dealership. On the surface, it may seem odd that car-buying involves the olfactory system. But the so-called new-car smell is a powerful sales motivator.

“Until we have smell-a-vision, we won’t be able to give you that type of experience online,” said Mach, chief customer officer at TrueCar, an internet automotive marketplace. Her position was created last year.

Gazdik noted that an automaker once tried to eliminate that new-car smell, “and people were furious.”

The program’s discussion focuses on modern marketing models. Gone is the traditional sales funnel in which customers metaphorically enter the wide top and eventually exit the bottom tip by choosing a car and dealership.

“The predefined funnel is not there anymore,” Europe-based Rathai said. “The experience used to be that we guided people through that predefined funnel. Now, the customer wants more empowerment.”

Yet they also want a degree of help from automakers and dealers, while at the same time not relinquishing their control of the purchase process. “We need to know what they want,” Rathai said. “The big challenge is they want us to guide them through the process.”

Referring to customers ultimately switching from online shopping and researching to the offline dealership visit, “they want us to carry over information from one point to another,” she said.

That means not starting over at the dealership, which has become a major auto retailing no-no. “Don’t start from scratch,” Mach emphasized.

She noted the path to purchase no longer is linear. For example, it’s not unusual for car consumers to start their shopping journey online, visit the dealership in person, return home for more online work and then return to the dealership to close the deal.

Rather than following a straight line like it pretty much did previously, today’s purchase process includes twists and turns.

Mach likens it to a French horn that contains an intricate pattern of coils and tubes, and from that “comes a beautiful sound.”

Customer-first marketing changes the consumer-dealer relationship, she said. If it is done right, “the customer will look at the dealership as a friend, not a foe. That’s different than before. And it’s great. It’s good if you make people feel comfortable.”

A dealership using online tools, including customer-relationship-management software, can get a good sense of shoppers from their online behavior. That helps in the crucial online-to-offline pivot, Rathai said. “Creating profiles helps salespeople know how to treat customers.”

## Q1 ’21 jobless claims deflected

One hundred sixty-six CATA dealer members reported a combined 2,493 unemployment claims during the first quarter of 2021 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 \$8.25 million in benefit charges by contesting the claims.

Sedgwick monitors any unemployment claims against its clients and contests all unwarranted claims and charges. The company counts about 241 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 0.675 percent and 6.875 percent of each employee’s first \$12,960 in earnings.

The 2021 average unemployment tax rate & new employer rate for Illinois employers is 3.175 percent, or about \$411.50 annually per employee (\$398 in 2020). Rates have been improving since 2012, with a slight increase in 2021. However, rates are expected to increase in 2022 due to depleting state trust fund balances.

“The unemployment tax is really the only controllable tax in business, in that it’s experience-driven,” said Bruce Kijewski of Sedgwick. An ex-employee’s claim affects the employer’s tax rate for three years.

For new enrollees, Sedgwick 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, including how to retain Sedgwick’s unemployment services, contact Kijewski at (773) 824-4322 or [Bruce.Kijewski@Sedgwick.com](mailto:Bruce.Kijewski@Sedgwick.com).