



# DEALER SENTIMENT INDEX

Cox  
AUTOMOTIVE™

*Third Quarter 2017*



Dealer Sentiment  
Index: Q3 2017

## BACKGROUND

- Data for the Cox Automotive Dealer Sentiment Index is gathered via an online survey.
- The Q3 results were based on 1,033 dealer respondents from July 31 to August 7, 2017. The Q2 data for reference was collected April 24 to May 1, 2017.
- Dealer responses were weighted by dealership type and volume of sales to be representative of the national dealer population.
- The Cox Automotive Dealer Sentiment Index is a new product from Cox Automotive; this is the first published report. The next issue of the quarterly report will be released in December 2017.





Dealer Sentiment  
Index: Q3 2017

## KEY TAKEAWAYS

- Current overall sentiment scored 45 in the third quarter, which means more dealers felt market conditions were currently weak relative to those who felt market conditions were strong.
- Pricing pressure, increasing costs of doing business, declining profits, slow customer traffic and a lack of inventory, especially for independent dealers, are the factors that drive dealers to be less positive about the current market.
- Dealers were more positive about the next three months. The index score of 52 indicates more dealers expected conditions to be strong in the future, compared to those who think conditions will be weak.

# Q1: How would you describe the current market for vehicles in the areas where you operate?

Overall Score

45

Q2 2017:48

100

50

0

Strong

Average

Weak

Franchise Dealers

55

Q2 2017:54

Independent Dealers

42

Q2 2017:46



# Q2: What do you expect the market for vehicles in your area to look like 3 months from now?

Overall Score

52

Q2 2017:55

100

50

0

Strong

Average

Weak

Franchise Dealers

57

Q2 2017:64

Independent Dealers

51

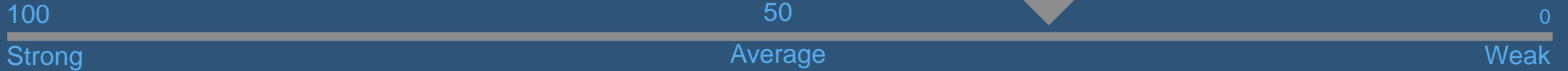
Q2 2017:52

# Q3: How do you rate the customer traffic to your dealership over the past 3 months?

Overall Score

37

Q2 2017:38



Franchise Dealers

42

Q2 2017:43

Independent Dealers

36

Q2 2017:36



# Q4: How would you describe your profits over the past 3 months?

Overall Score

41

Q2 2017: 44



Franchise Dealers

50

Q2 2017: 48

Independent Dealers

38

Q2 2017: 43

# Q5: How would you describe your ability to get credit to operate your business over the past 3 months?

Overall Score

55

Q2 2017:59

100

50

0

Easy

Typical

Difficult

Franchise Dealers

66

Q2 2017:67

Independent Dealers

52

Q2 2017:56



# Q6: How would you describe the cost of running your dealership over the past 3 months?

Overall Score

68

Q2 2017:69

100

50

0

Growing

Stable

Declining

Franchise Dealers

69

Q2 2017:69

Independent Dealers

67

Q2 2017:70

# Q7: How would you describe your dealership's current fixed capital investment levels?

Overall Score

49

Q2 2017:na

100

50

0

Growing

Stable

Declining

Franchise Dealers

51

Q2 2017:na

Independent Dealers

48

Q2 2017:na



# Q8: How would you describe the current new vehicle sales environment?

Overall Score

57

Q2 2017:57



Franchise Dealers

57

Q2 2017:57

Independent Dealers

na

Q2 2017:na

# Q9: How would you describe your dealership's current new vehicle inventory levels?

Overall Score

56

Q2 2017:na

100

50

0

Growing

Stable

Declining

Franchise Dealers

56

Q2 2017:na

Independent Dealers

na

Q2 2017:na



# Q10: How would you describe the current used vehicle sales environment?

Overall Score

57

Q2 2017:55



Franchise Dealers

68

Q2 2017:70

Independent Dealers

53

Q2 2017:50

# Q11: How would you describe your dealership's current used vehicle inventory levels?

Overall Score

49

Q2 2017:na

100

50

0

Growing

Stable

Declining

Franchise Dealers

55

Q2 2017:na

Independent Dealers

47

Q2 2017:na



# Q12: How much pressure do you feel to lower your prices?

Overall Score

63

Q2 2017:64

100

50

0

More

Typical

Less

Franchise Dealers

67

Q2 2017:65

Independent Dealers

62

Q2 2017:63

# Q13: How would you describe your dealership's current staffing levels?

Overall Score

52

Q2 2017:52

100

50

0

Growing

Stable

Declining

Franchise Dealers

55

Q2 2017:56

Independent Dealers

51

Q2 2017:50





**What are the top factors holding your business back?**

## Overall Rank

1	Market Conditions	37%
2	Limited Inventory	34%
3	Competition	31%
4	Credit Availability for Consumers	26%
5	Expenses	23%
6	Consumer Confidence	15%
7	Credit Availability for Business	9%
7	Regulations	9%
7	Staff Turnover	9%
10	Consumer Transparency in Pricing	8%
11	Too Much Retail Inventory	7%
12	Interest Rates	5%
13	Dealership Systems/Tools	4%
13	OEM Mandates/Restrictions	4%



**What are the top factors holding your business back?**

## Franchised Dealer Rank

1	Market Conditions	38%
2	Competition	36%
3	Expenses	21%
4	Consumer Confidence	20%
4	Staff Turnover	20%
6	OEM Mandates/Restrictions	18%
7	Limited Inventory	16%
8	Credit Availability for Consumers	14%
8	Consumer Transparency in Pricing	14%
10	Too Much Retail Inventory	11%
11	Regulations	9%
12	Dealership Systems/Tools	7%
13	Interest Rates	5%
14	Credit Availability for Business	1%





**What are the top factors holding your business back?**

## Independent Dealer Rank

1	Limited Inventory	40%
2	Market Conditions	36%
3	Credit Availability for Consumers	30%
4	Competition	29%
5	Expenses	23%
6	Consumer Confidence	14%
7	Credit Availability for Business	12%
8	Regulations	9%
9	Consumer Transparency in Pricing	7%
10	Staff Turnover	6%
10	Too Much Retail Inventory	6%
12	Interest Rates	4%
13	Dealership Systems/Tools	3%



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