



DEALER SENTIMENT INDEX

Cox
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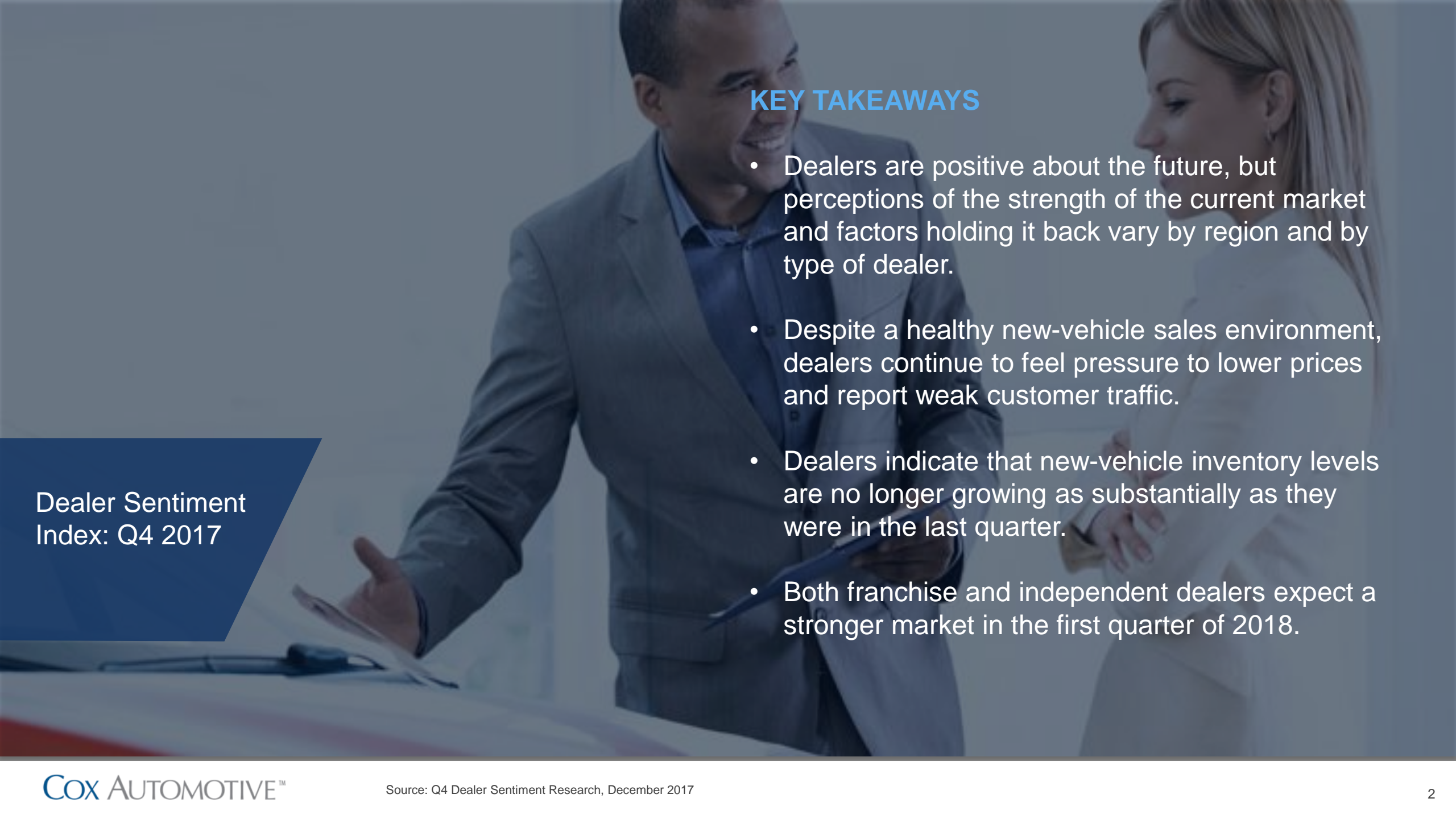
Fourth Quarter 2017

A man and a woman in business attire are standing at a table, looking at documents. The man is on the left, wearing a grey suit jacket over a blue shirt, and the woman is on the right, wearing a light-colored blazer. They appear to be in a professional setting, possibly a conference or meeting.

BACKGROUND

- Data for the Cox Automotive Dealer Sentiment Index (CADSI) is gathered via an online survey.
- The Q4 results were based on 919 dealer respondents. The survey was conducted from October 25 to November 2, 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 second published report. The next quarterly report will be released in March 2018.

Dealer Sentiment
Index: Q4 2017



Dealer Sentiment
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KEY TAKEAWAYS

- Dealers are positive about the future, but perceptions of the strength of the current market and factors holding it back vary by region and by type of dealer.
- Despite a healthy new-vehicle sales environment, dealers continue to feel pressure to lower prices and report weak customer traffic.
- Dealers indicate that new-vehicle inventory levels are no longer growing as substantially as they were in the last quarter.
- Both franchise and independent dealers expect a stronger market in the first quarter of 2018.

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

Overall Score

46

Q3 2017:45

0

50

100

Weak

Average

Strong

Franchise Dealers

54

Q3 2017:55

Independent Dealers

43

Q3 2017:42

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

Overall Score

53

Q3 2017:52

0

50

100

Weak

Average

Strong

Franchise Dealers

57

Q3 2017:57

Independent Dealers

52

Q3 2017:51

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

Overall Score

34

Q3 2017:37

0

50

100

Weak

Average

Strong

Franchise Dealers

45

Q3 2017:42

Independent Dealers

31

Q3 2017:36

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

Overall Score

41

Q3 2017: 41

0

50

100

Weak

Average

Strong

Franchise Dealers

49

Q3 2017: 50

Independent Dealers

38

Q3 2017: 38

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

Overall Score

57

Q3 2017:55

0

50

100

Difficult

Average

Easy

Franchise Dealers

68

Q3 2017:66

Independent Dealers

54

Q3 2017:52

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

Overall Score

67

Q3 2017:68

0

50

100

Declining

Average

Growing

Franchise Dealers

69

Q3 2017:69

Independent Dealers

66

Q3 2017:67

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

Overall Score

54

Q3 2017:53

0

50

100

Declining

Average

Growing

Franchise Dealers

64

Q3 2017:63

Independent Dealers

51

Q3 2017:49

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

Overall Score

61

Q3 2017:57

0

50

100

Poor

Average

Good

Franchise Dealers

61

Q3 2017:57

Independent Dealers

na

Q3 2017:na

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

Overall Score

62

Q3 2017:67

0

50

100

Declining

Average

Growing

Franchise Dealers

62

Q3 2017:67

Independent Dealers

na

Q3 2017:na

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

Overall Score

55

Q3 2017:57

0

50

100

Poor

Average

Good

Franchise Dealers

67

Q3 2017:68

Independent Dealers

51

Q3 2017:53

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

Overall Score

53

Q3 2017: 51

0

50

100

Declining

Average

Growing

Franchise Dealers

55

Q3 2017: 55

Independent Dealers

53

Q3 2017: 50

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

Overall Score

67

Q3 2017:63

0

50

100

Less

Average

More

Franchise Dealers

67

Q3 2017:67

Independent Dealers

67

Q3 2017:62

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

Overall Score

52

Q3 2017:52

0

50

100

Declining

Average

Growing

Franchise Dealers

55

Q3 2017:55

Independent Dealers

51

Q3 2017:51

What are the top factors holding your business back?

Overall Rank

1	Market Conditions	44%
2	Competition	36%
3	Credit Availability for Consumers	33%
4	Expenses	29%
5	Limited Inventory	27%
6	Consumer Confidence	19%
7	Consumer Transparency in Pricing	15%
8	Staff Turnover	11%
8	Regulations	11%
10	Too Much Retail Inventory	9%
11	Credit Availability for Business	8%
12	Interest Rates	6%
13	OEM Mandates/Restrictions	5%
13	Dealership Systems / Tools	5%

What are the top factors holding your business back?

Franchise Dealer Rank

1	Market Conditions	40%
2	Competition	32%
3	Staff Turnover	21%
4	Expenses	20%
5	Consumer Confidence	19%
5	OEM Mandates/Restrictions	19%
7	Limited Inventory	17%
8	Credit Availability for Consumers	15%
9	Consumer transparency in pricing	14%
10	Regulations	6%
10	Dealership systems/tools	6%
12	Too much retail inventory	5%
12	Interest rates	5%
14	Credit availability for business	1%

What are the top factors holding your business back?

Independent Dealer Rank

1	Market Conditions	45%
2	Credit Availability for Consumers	39%
3	Competition	37%
4	Expenses	33%
5	Limited Inventory	31%
6	Consumer Confidence	18%
7	Consumer transparency in pricing	15%
8	Regulations	12%
9	Credit availability for business	11%
10	Too much retail inventory	10%
11	Staff Turnover	7%
12	Interest rates	6%
13	Dealership systems/tools	5%

The logo for Cox Automotive, featuring the word "COX" in a large, serif font above the word "AUTOMOTIVE" in a smaller, sans-serif font, both in white. The logo is set against a dark blue, semi-transparent background that is part of a larger graphic element on the left side of the slide.

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