RUN AN **OPERATIONALLY EFFICIENT DEALERSHIP**

**SPEED OF TECHNOLOGY ADOPTION**

- **Electricity** – 46 years
- **Radio**
- **Television** – 28 years
- **PC**
- **Cell Phone**
- **Internet** – 7 years
- **Social Media**


**PACE OF CHANGE**

Dealers are making less profit per vehicle sold than ever before.

**GROSS AS % OF SELLING PRICE**

- Used: 13.7%, 13.5%, 13.2%, 12.8%, 12.6%, 12.1%, 11.7%
- New: 4.6%, 4.0%, 3.8%, 3.5%, 3.3%, 2.9%, 2.5%

Source: NADA
LEARNING OBJECTIVE: TODAY’S GOAL
Identify FIVE KEY emerging technologies and processes that will drive dealership efficiencies and increase profitability

FIXED OPERATIONS

49% Of dealership gross profits are accounted for in Fixed Operations.

7.2M Average dealership Fixed Ops sales

82% Of registered vehicles were serviced in the past 12 months buy a third party.

- Dealers capture only 33% of service visits.
- Fixed Ops is critical for retaining/driving future sales...
  - Consumers are significantly more likely (74%) to return to the dealership for next vehicle if they get vehicle services as opposed to those who don’t (35%).
MASTER KEY, FOUNDATIONAL, FIXED OPERATION TOOLS

ONLINE SCHEDULING | TRANSPARENT PRICING | TEXT COMMUNICATION WITH PICTURES | DIGITAL PAYMENTS

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**40** Average additional repairs per month for Digital Fixed Ops Strategies

**95%** Increase in retention

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**ADVANCED SCHEDULING**

- Fill shop during slow periods by offering incentives to service during these time slots.
- Loaner utilization
- Capturing consumer data

**Top Performers**

- Over 85% of all service visits are via appointment.
- 30%+ scheduled online
CUSTOMER COMMUNICATION WHILE VEHICLE IS IN SHOP FOR SERVICE

CONSISTENT PROCESSES - Service Recommendations

**TOP PERFORMERS**

- **90-100%**
  - Vehicles inspected

**GREATER THAN**

- **60%**
  - Opportunities identified

**GREATER THAN**

- **50%**
  - % Purchased by customer

**15%**

- Decrease one-line repair orders

NEW CAR SALES: As Good As It Gets

Cox Automotive Full-year Forecast

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018 (F)</th>
<th>2019 (F)</th>
<th>2020 (F)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>38.6</td>
<td>39.4</td>
<td>39.5</td>
<td>39.5</td>
<td>39.2</td>
</tr>
</tbody>
</table>

USED VEHICLE MARKET

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018 (F)</th>
<th>2019 (F)</th>
<th>2020 (F)</th>
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</table>
OPTIMIZE NEW AND USED INVENTORY ACQUISITION AND SPEED TO MARKET

<table>
<thead>
<tr>
<th>Used Inventory Turn Rate</th>
<th>Used To New Ratio</th>
<th>Aged Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOOD 12 / GREAT 16</td>
<td>GOOD 1:1 / 1.25:1</td>
<td>OVER 55%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under 30 Days Old</td>
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</tbody>
</table>

EMBRACE DIGITAL RETAILING
Starting the deal-making and financing process online and picking up where they left off in the store to finish all aspects of the deal. Consumers are in control over this journey.

83% Prefer to do at least one of the purchase steps online.  
85% Are more likely to buy from a dealership that offers at least some of the process online.

SOURCE: 2018 Cox Automotive Future of Digital Retail Study

$$\text{# Of Deals Per Week} \times \text{Time Saved Per Deal} = \text{# Of Deals Per Week} \times \text{Time Saved Per Deal}$$
DOING THE RIGHT THINGS VS DOING THINGS RIGHT
Leveraging these processes and technologies will positively impact profit and the customer experience but also will be key in driving employee satisfaction, retention and acquiring great talent.

RECAP
Master Fixed Operations technologies to increase dealership efficiency and profitability

Advanced Scheduling

Service Lane Technology and Process

Leverage data and processes to optimize new and used inventory acquisition and speed to market

Embrace Digital Retailing
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