



COVID-19:

TRACKING U.S. CONSUMER AND AUTOMOTIVE DEALER SENTIMENT

Issue #12

June 16, 2020

What We're Seeing This Week

1

This continues to be a very chaotic time in the automotive market. Each day brings another unexpected turn; although consumers are resuming more daily activities, many continue to delay automotive purchases and servicing.

2

Inventory shortfalls are starting to eat into the price discounts that dealers had previously been offering. As a result, shoppers may be in for a shock when they aren't able to find the great "deal" that they expected.

3

There continues to be a lot of opportunity for dealers to adopt new solutions. Those set on maintaining new approaches after COVID-19 are realizing efficiencies which they believe will set them apart from others.

4

Despite high levels of uncertainty and a lot weighing on their shoulders, consumers are ramping up activity levels while remaining cautious about travel and transportation.

*More consumers are emerging from hiatus,
but volatility remains high*

Consumers are distinguishing between getting back to normal and simply resuming their normal activities

2%

of consumers think things are back to normal

20%

of consumers are comfortable resuming daily activities

33% of franchise dealers and 25% of independents think consumers are ready to resume normal activities now

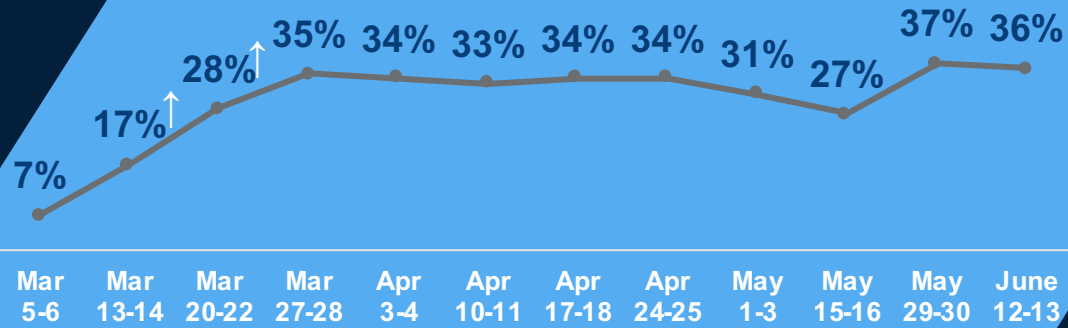
Consumer Q23a. When do you think things will get back to normal?

Consumer Q23b. When do you think that you, personally, will feel comfortable resuming your daily activities that you did prior to coronavirus?

Dealer Q143. When do you think consumers will be comfortable resuming their normal daily activities?

A very chaotic environment has created an uptick in purchase delays...

Delaying Vehicle Purchase/Lease*

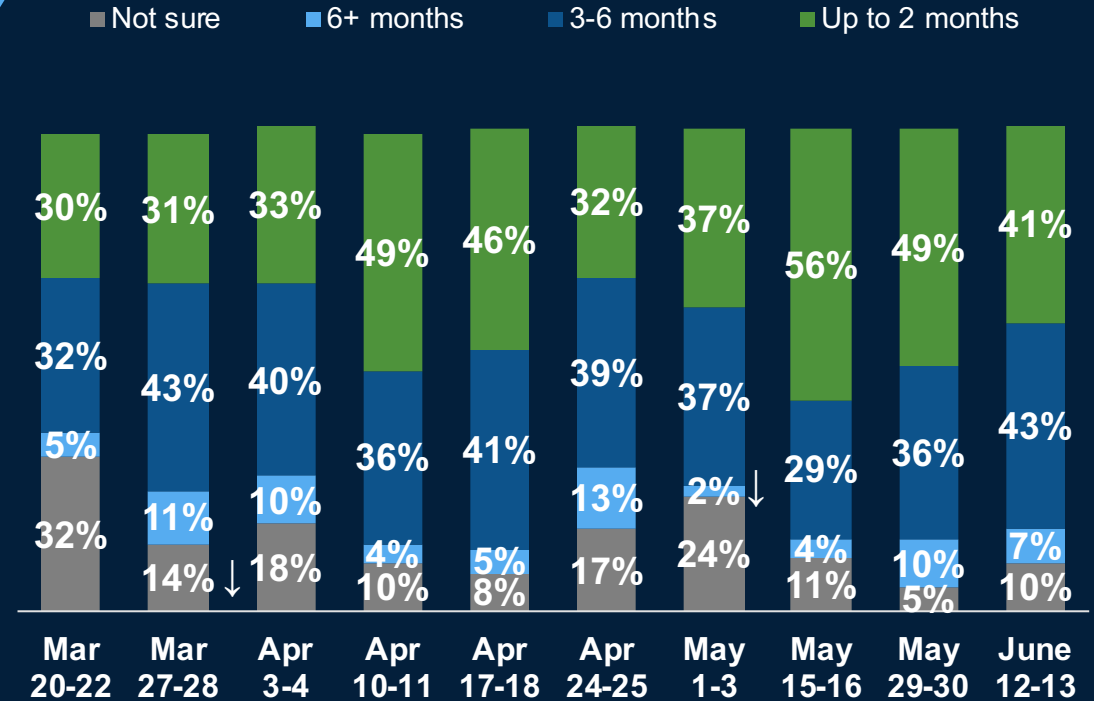


Factors At Work

- General uncertainty in the market
- Civil unrest
- Continued unemployment concerns
- Potential for a 2nd wave

Anticipated Delay in Vehicle Purchase**

(among those planning to delay purchase)



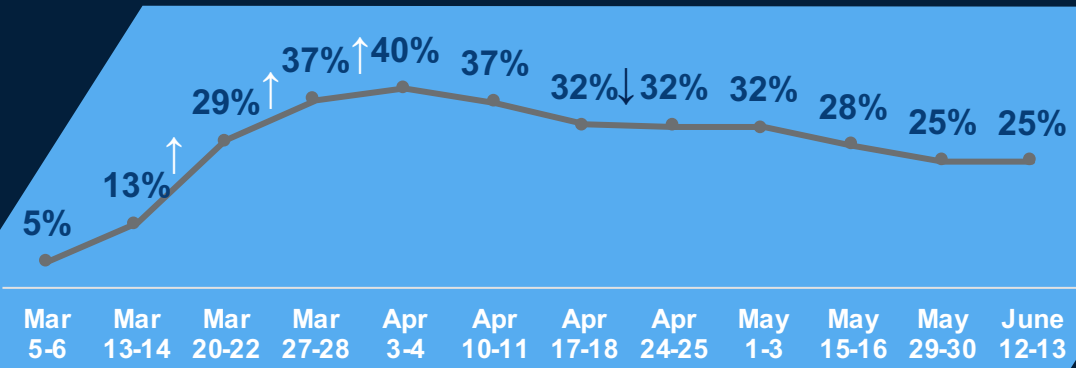
*Among 6-month auto intenders

**Among 6-month auto intenders who will delay purchasing/leasing a vehicle

... and flattened the decline in service delays

Delaying Vehicle Service/Repair*

(% consumers that said "Yes")



Types of Vehicle Service/Repair Being Delayed**

95% are delaying vehicle maintenance

52% are delaying vehicle repair

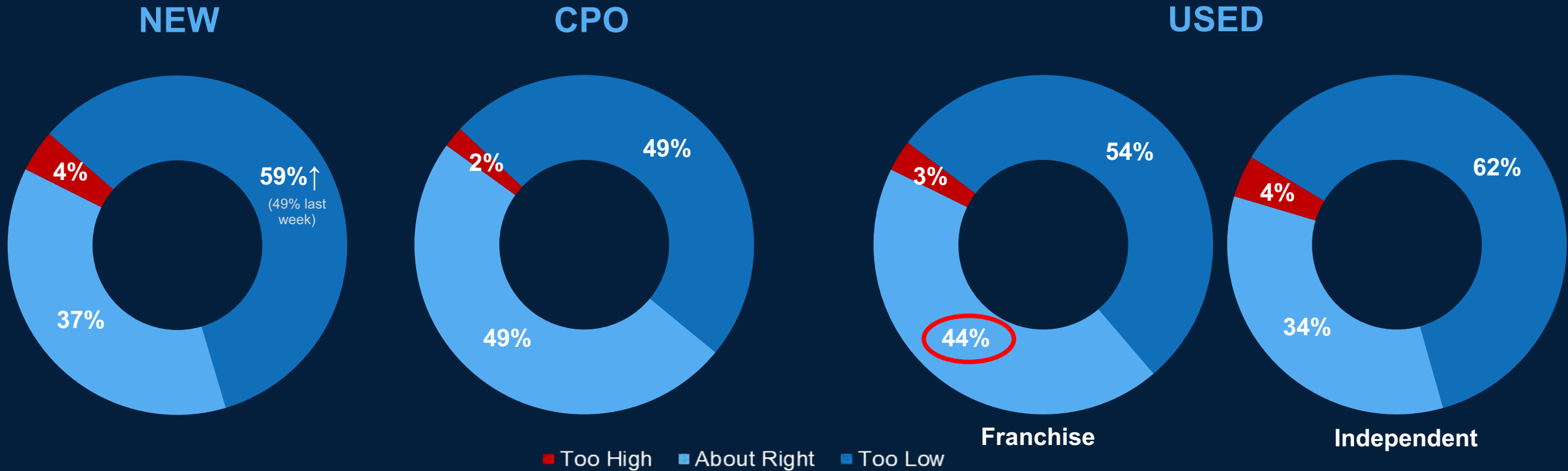
*Among vehicle owners
**Among those who would delay vehicle service

Q10. Have you done, or do you think you will do any of the following because of the coronavirus? *Note: Added "have done" in Wave 4
Q18b. What type(s) of vehicle service/maintenance have you delayed or plan to delay?

Consumers who expect to find a great deal in today's market may be in for a shock

Inventory levels continue to shrink for dealers...

Current inventory levels



↓↑ Indicates significant difference since last wave, (##) indicates score from last wave when change is significant

○ Indicates significant difference between Franchise & Independents

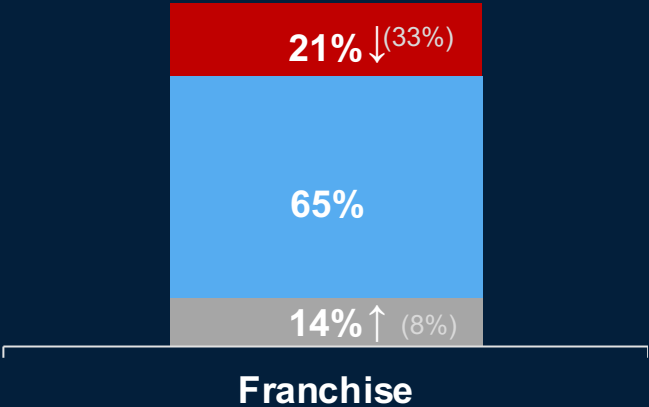
Q90. How is your dealership's current retail inventory levels?

Q142. You indicated your used vehicle / CPO inventory level is too low. Can you tell us why? (Please select all that apply.)

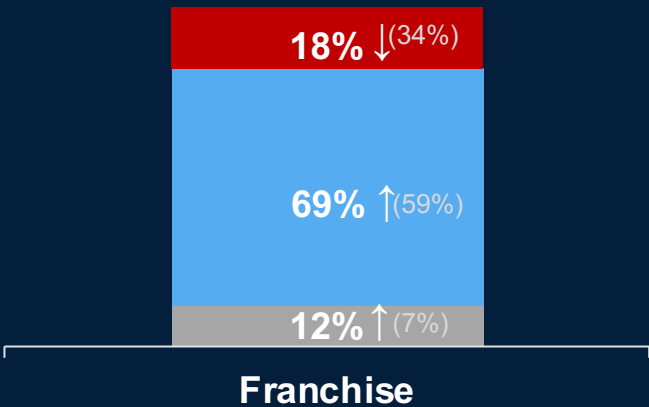
...which is causing retail prices to rise...

How Dealers have adjusted retail prices as a result of COVID-19

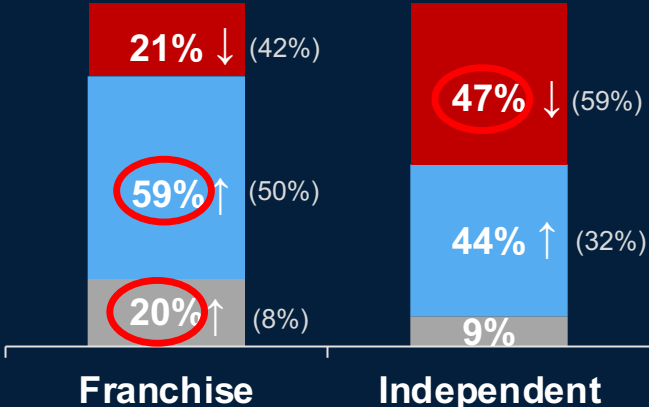
NEW Vehicles



CPO Vehicles



USED Vehicles



- Decreased
- Stayed about the same
- Increased

- Decreased
- Stayed about the same
- Increased

- Decreased
- Stayed about the same
- Increased

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○ Indicates significant difference between Franchise & Independents

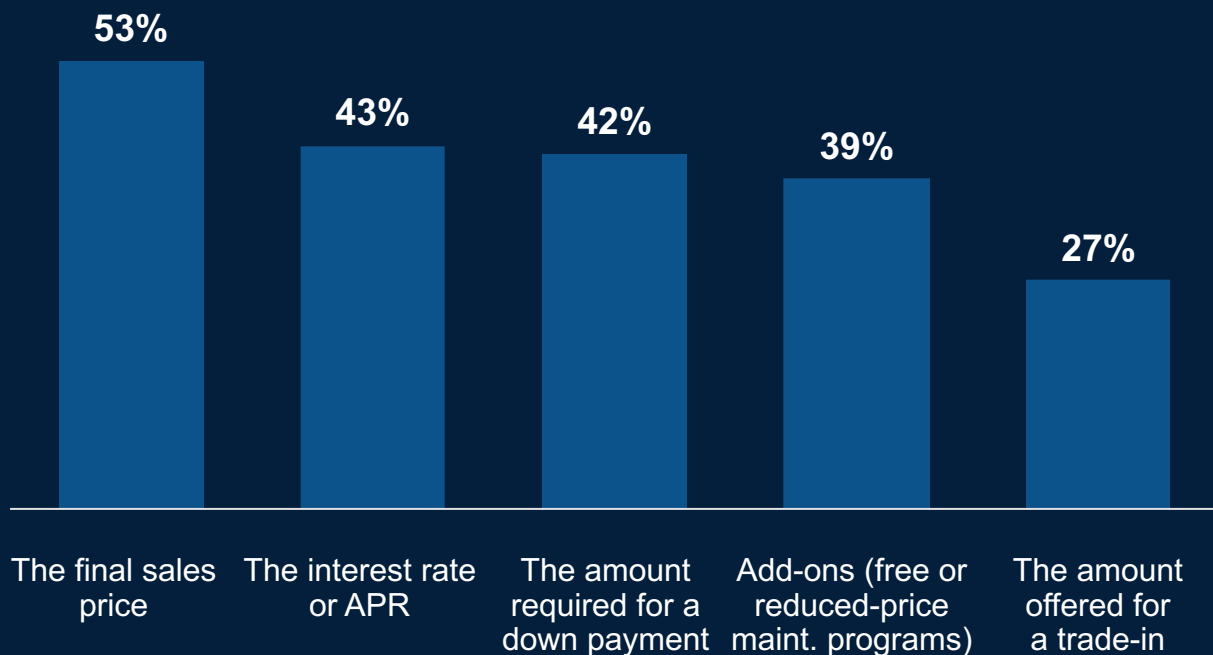
Q88. How has your dealership changed your retail prices as a result of the coronavirus (COVID-19) outbreak?

...and will serve as an unwelcomed surprise for those expecting to find a “deal”



92% of consumers are expecting some sort of favorable terms

Type of “Favorable Terms” Shoppers Expect to Receive*



*Among 6-month auto intenders

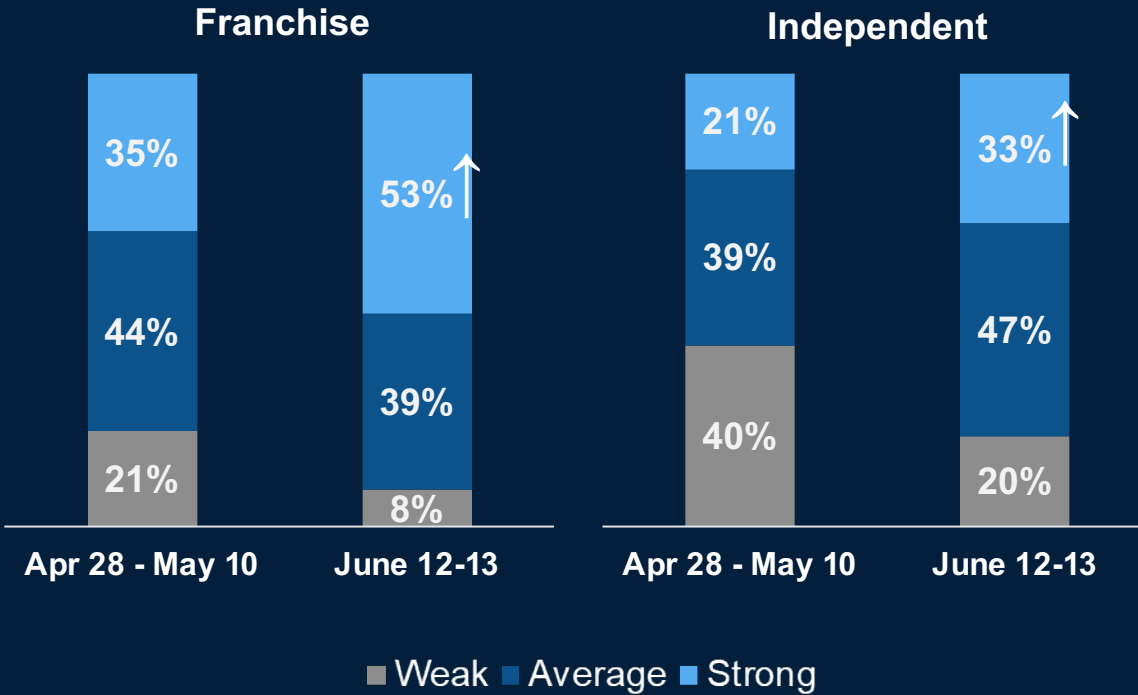
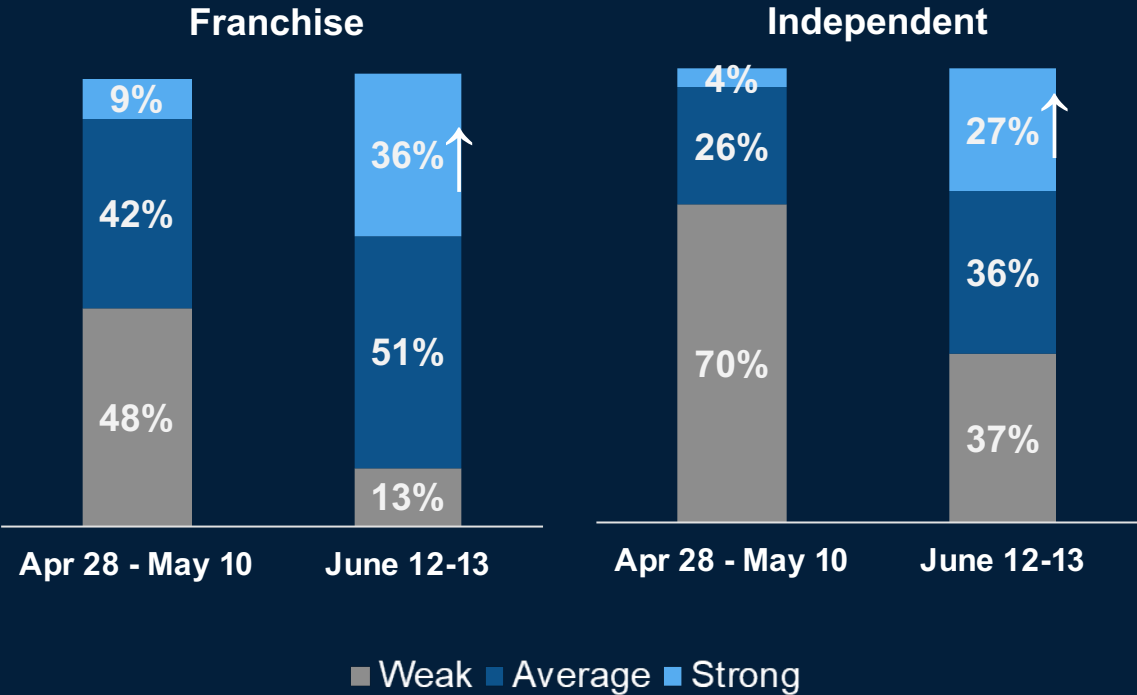
Q17a6. In which of the following areas do you feel you would get more favorable terms given the spread of the coronavirus and its impact on the current economy?

There continues to be a lot of opportunity for dealers to adopt new solutions. Those set on maintaining new approaches after COVID-19 are realizing efficiencies which they believe will set them apart from others

In a testament to their resilience, dealers are growing more optimistic about the future

How is the market for vehicles in the area you operate?

What do you expect the market for vehicles will look like in three months?

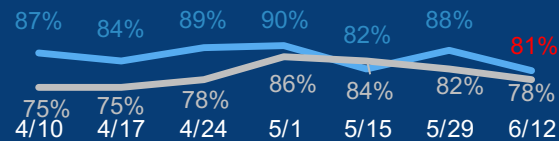


Q161/DE1. How would you describe the current market for vehicles in the areas where you operate?
 Q162/DE2. What do you expect the market for vehicles in the areas where you operate to look like three months from now?

As dealers start to pull back on offering “buying alternatives” to consumers, opportunities also remain for more dealers to embrace digital retailing

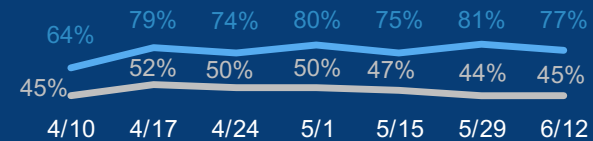
81%↓ / 78%

Franchise / Independent



77% / 45%

Franchise / Independent



% of dealers are going beyond just conducting business in their physical location

% of dealers that have a Digital Retailing solution in place*

↓↑ Indicates significant difference since last wave

Q24. How, if at all, is your dealership currently selling vehicles?

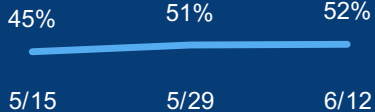
Q14. Does your dealership currently have a digital retailing solution in place?

In fact, a substantial number of dealers do not plan to pay for digital retailing post COVID-19

Plan to pay for a DR solution once things are back to “normal”

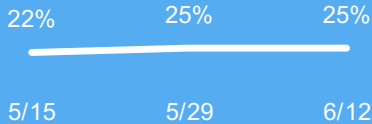
52%

Franchise Dealers



25%

Independent Dealers



Why dealers plan to stop selling digitally

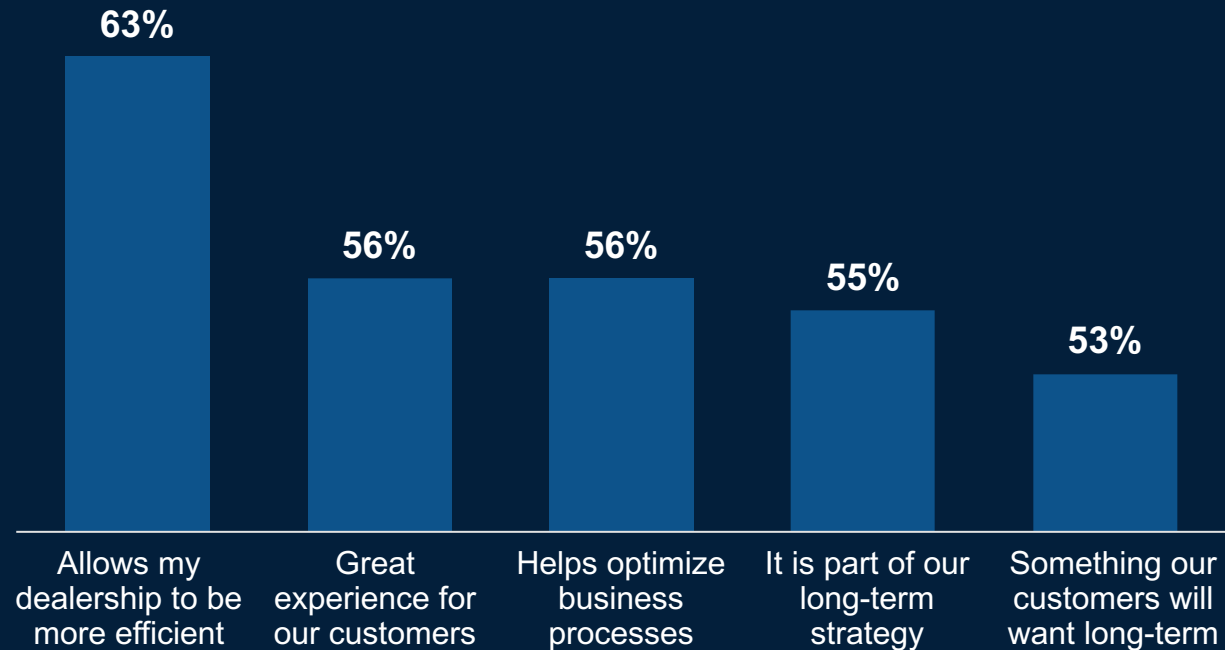
- It was only a short-term solution
- Not enough interest from customers
- Doesn't work as part of our normal process
- Not something our customers will want long-term

↓↑ Indicates significant difference since last wave, (##) indicates score from last wave when change is significant

Q119. Which of the following do you plan to continue once things get back to normal?
Q126. You indicated you do not plan to continue selling vehicles digitally/online. Please tell us why.

Those who intend to keep selling vehicles online long-term point to EFFICIENCY as the #1 reason...

Top reasons why dealers plan to continue selling digitally



Q147. You indicated you do plan to continue selling vehicles digitally/online. Please tell us why.

...with many considering it a necessary competitive differentiator long-term

Why dealers plan to continue offering Digital Retailing solution

“You won't be competitive in this market without it. That was already the case before COVID-19 even arrived, but its arrival reinforced that mindset with consumers even further. If you aren't offering it, you are missing at least a percentage of what you could do be doing.” - General Sales Manager, Franchise dealer

*“Digital retailing solutions are really going to help **broaden your audience and limit barriers to purchase moving forward**. It definitely sets dealerships apart and adds the value of convenience. I think we would lose opportunities if we stopped offering digital retail solutions.”* – GM, Independent dealer

*“Our customers like the digital retailing so we will continue to do whatever makes them happy. It **gives us an advantage**. The impact if we stopped would be significant since so many people now are accustomed to it. I doubt we'd stop in the future because it makes money.”* – GM, Independent

*“Today's **consumer expects the convenience** of online shopping from every retailer they encounter. It is too soon to tell how far this will evolve in auto retail, but offering sensible digital options is key to gaining market presence.”* – Used Vehicle Sales Manager, Franchise

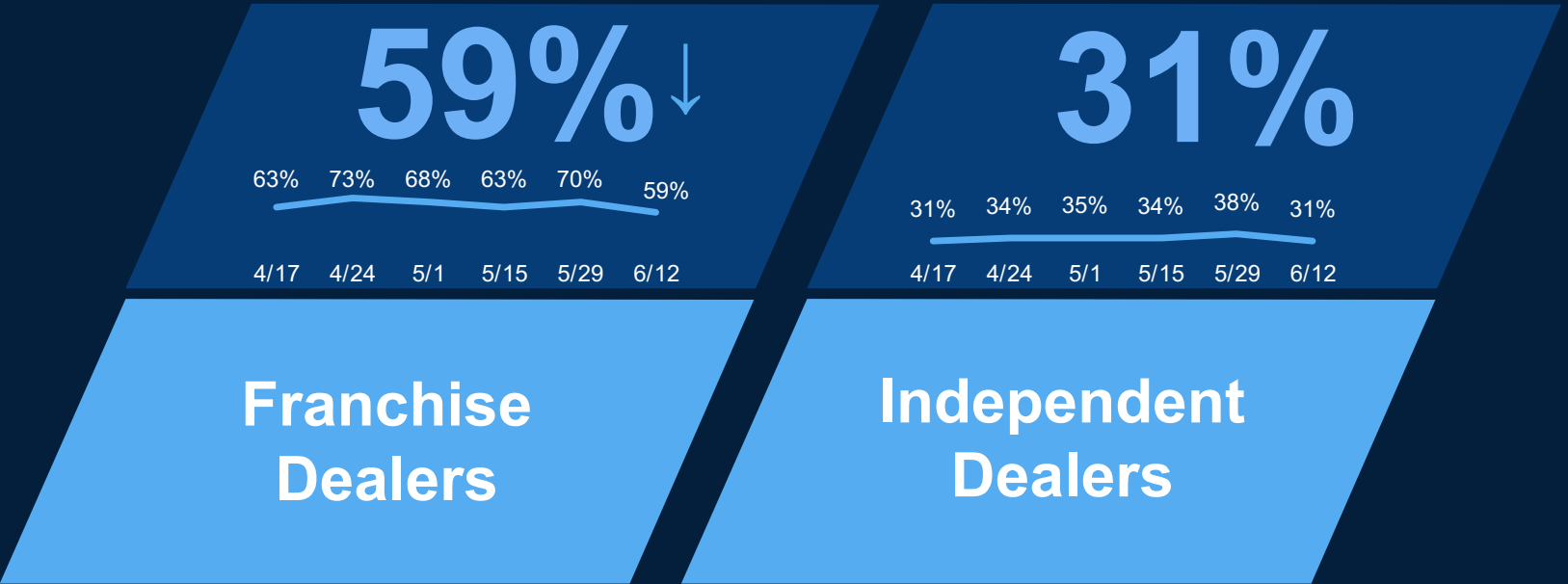
*“We are working to get ahead of the curve and provide customers every opportunity to purchase a vehicle in a way that makes them the most comfortable. We also believe that DR allows us to **increase the area that we sell to** and provides a larger customer base to work with.”* – Marketing Manager/Director, Franchise

*“Since we introduced digital retailing to our local customers over a year ago we found that not only are customers preferring to shop this way, but we see that they genuinely expect to be able to do so. ... it caused a **gigantic shift in our close rates** once a customer was in the store and a **leap in customer overall satisfaction** as it enabled the customer to feel empowered and spend their time while at the dealership learning how to use the features of their next vehicle versus just haggling over price.”* -Marketing Manager/Director, Independent

Q. What are the reasons you will continue offering digital retailing to your customers?

A similar story surfaces on the fixed ops side, with fewer dealers now offering “at-home service pick-up and delivery”

% of Dealers offering “service pick-up and delivery” at a customer’s home
 (among dealers with a service department)



Large dealer groups (68%) and Luxury dealers (70%) over-index on providing “at-home service pick-up and delivery”

↓↑ Indicates significant difference since last wave, (##) indicates score from last wave when change is significant
 Q30. How, if at all, is your dealership currently servicing vehicles?

And despite strong consumer interest and appeal, many dealers don't plan to offer this convenience once things get back to "normal"

Plan to offer "service pick-up and delivery" once things are back to normal
(among dealers with a service department)

51% ↓

52% 59% 51%
5/15 5/29 6/12

Franchise Dealers

26%

28% 34% 26%
5/15 5/29 6/12

Independent Dealers

Why dealers plan to stop service pick-up and delivery

It was only a short-term solution

Don't have the staff to maintain it

Not enough interest from our customers

Don't have the time to support it

Doesn't work as part of our normal process

Too expensive to provide to our customers

89% of consumers found this concept appealing BEFORE COVID-19

↓↑ Indicates significant difference since last wave, (##) indicates score from last wave when change is significant

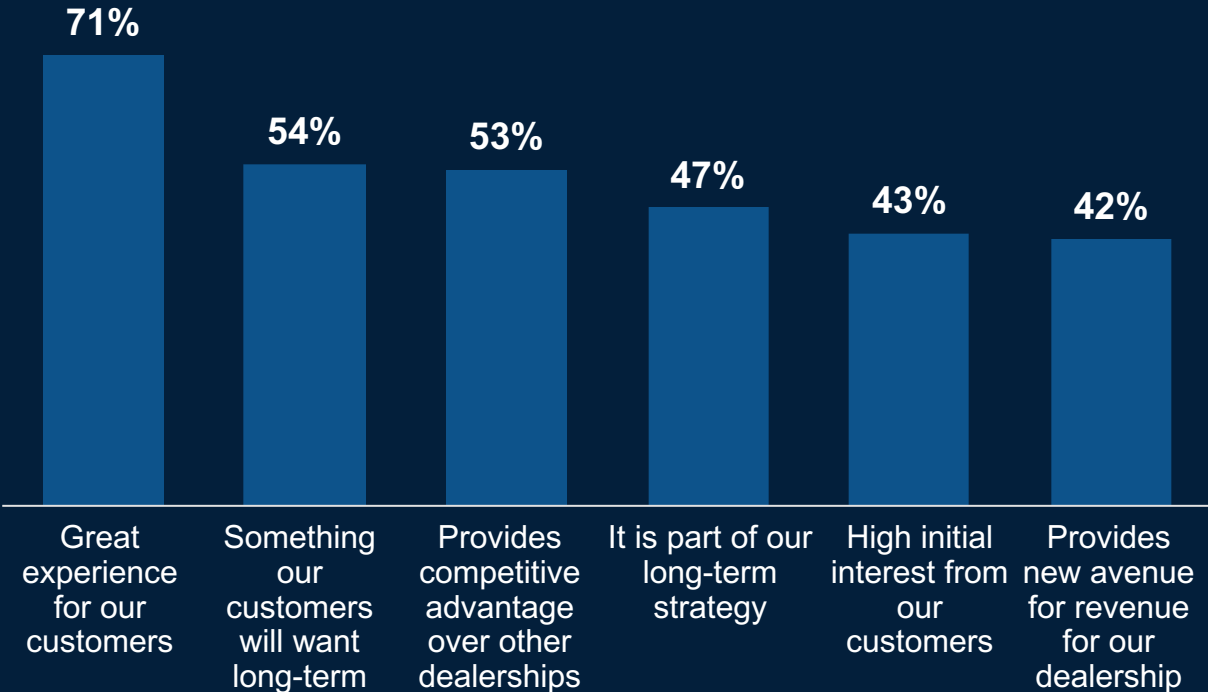
Q85. Which of the following do you plan to continue once things get back to normal?

Q130. You indicated you do not plan to continue providing vehicle service pick-up and delivery at a customer's home. Please tell us why

QC2. Below is a list of new ways that you might be able to complete the process in the future. How appealing are each of these?

Those who intend to continue providing “service pick-up and delivery” claim that this differentiating EXPERIENCE can create loyalty and new sources of revenue for dealers

Top reasons why dealers plan to continue providing “service pick-up and delivery”

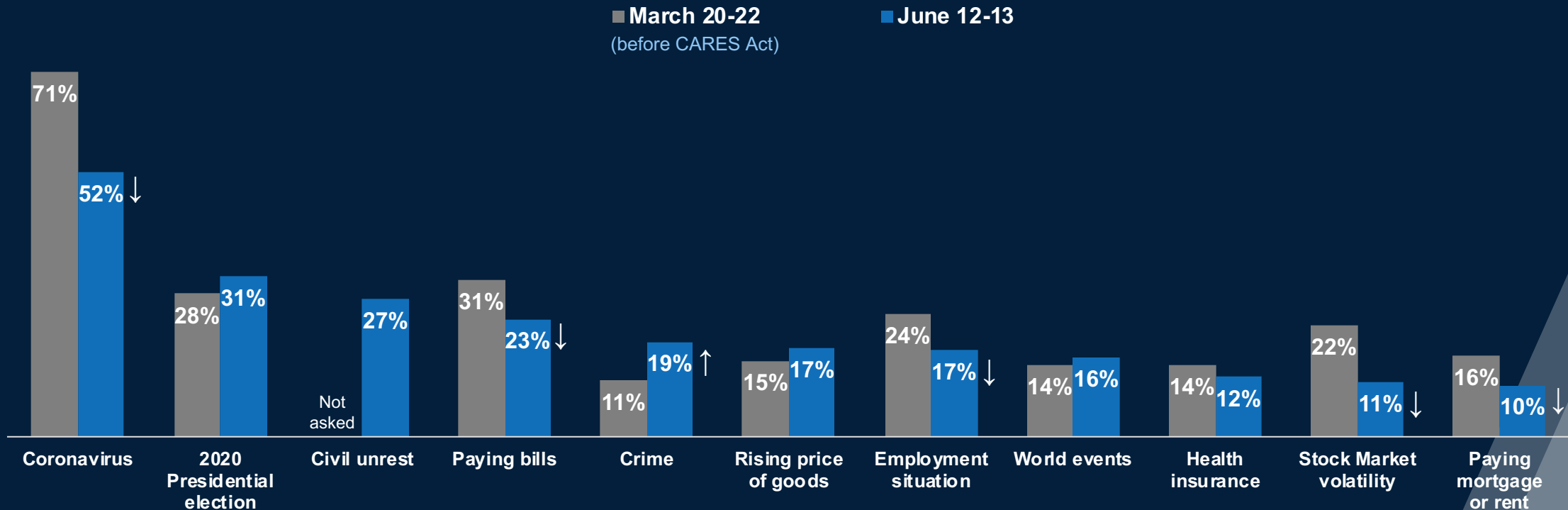


Q149. You indicated you do plan to continue providing vehicle service pick-up and delivery at a customer’s home.. Please tell us why.

Despite high levels of uncertainty and a lot weighing on their shoulders, consumers are ramping up activity levels while remaining cautious about travel and transportation

Consumers are faced with a host of concerning issues...

Most concerning current issues

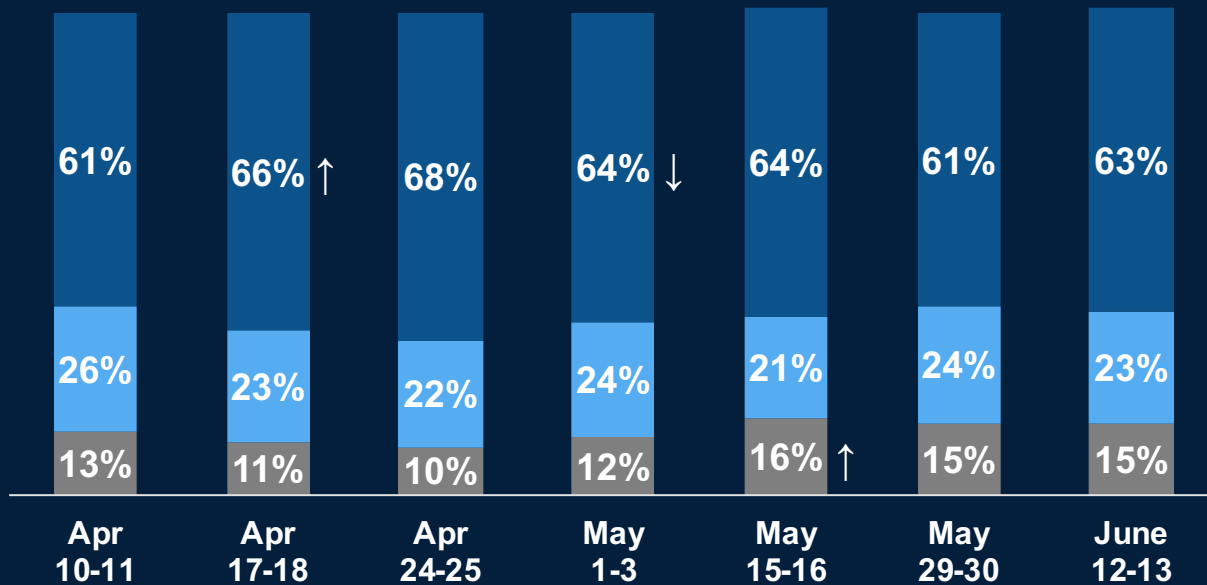


Q7. Which, if any, of the following issues currently concern you the most? Please select up to 3.

...including a 2nd wave of COVID-19

Level of Concern for a Second Wave

■ Not very/Not at all ■ Somewhat ■ Extremely/Very



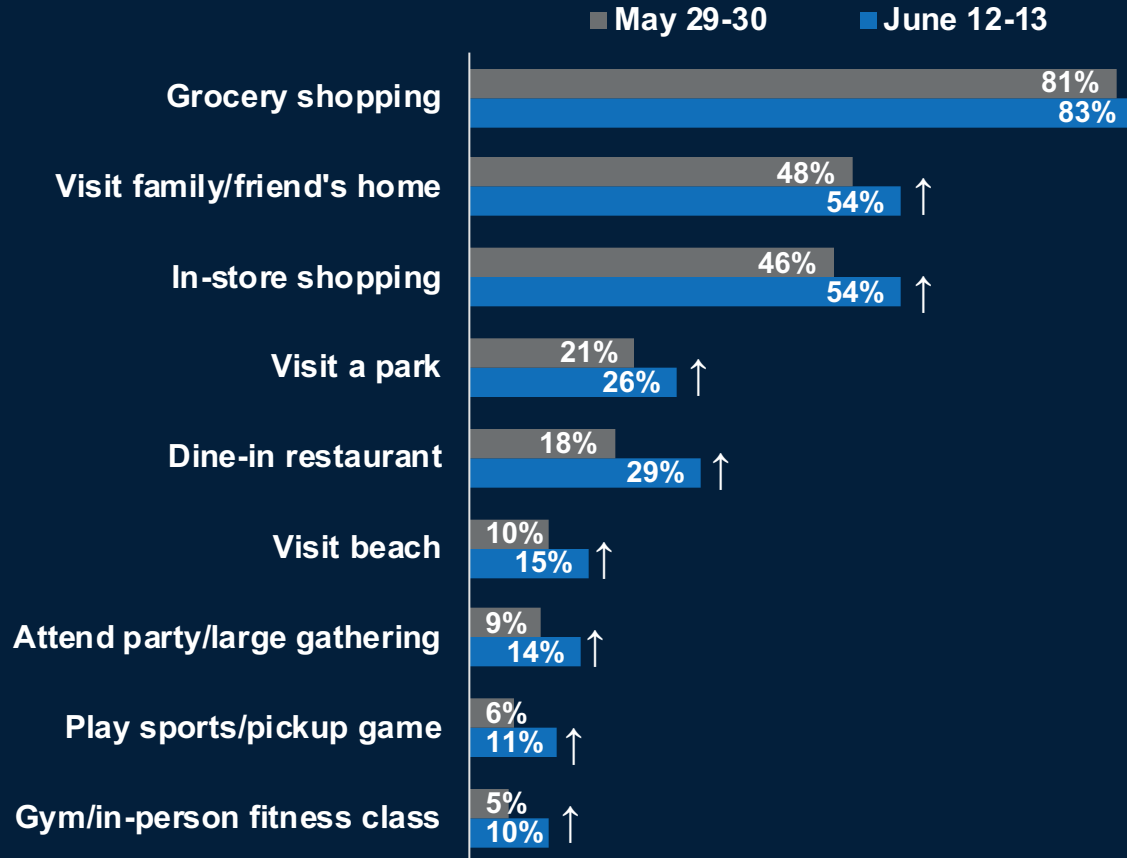
77% Level of concern among those in Urban areas

% Extremely/Very concerned

Q27b. How concerned are you about a possible second wave of the coronavirus?

Still, consumers are ramping up their activity level...

Activities in Past 2 Weeks



58%

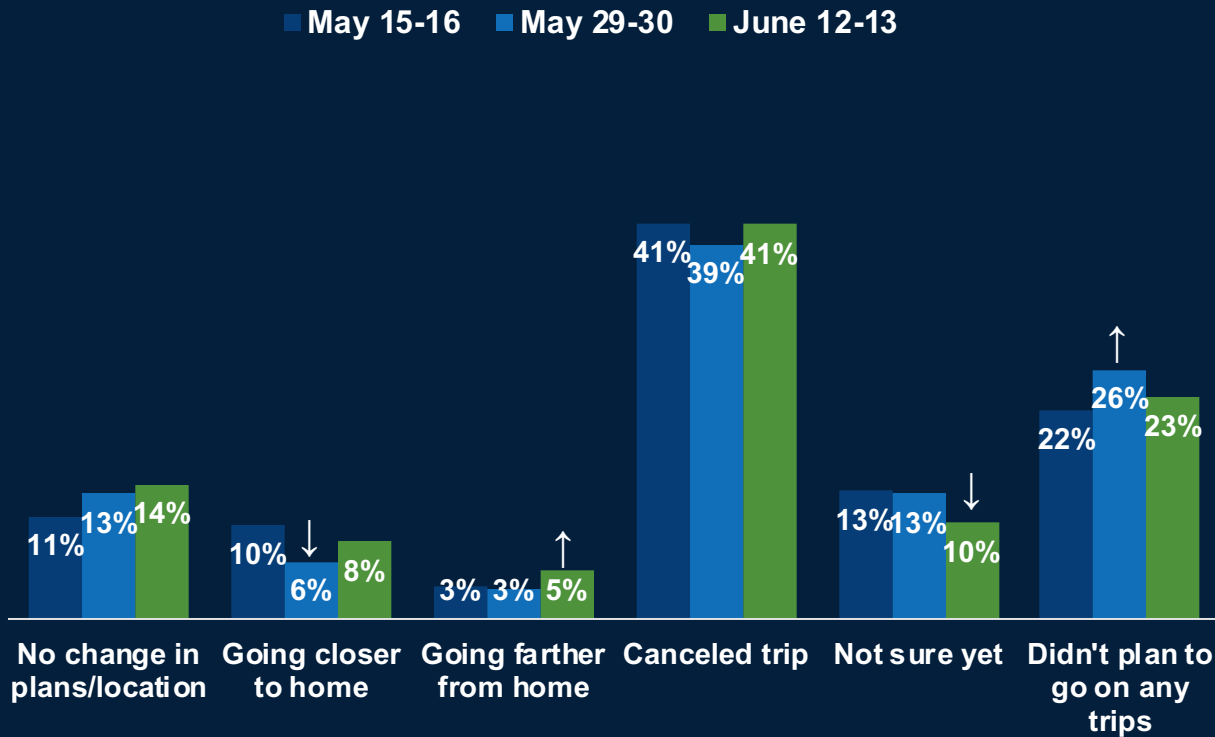
of consumers are consistently wearing a face mask in public
(vs. 54% prior wave)

Q1a1. Have you done any of the following over the past 2 weeks?

Q1a3. Do you typically wear a face mask when you are in public or around people outside your home?

... although Summer plans remain cancelled or on hold for many

COVID Impact on Summer Travel Plans



	May 1 5-16	May 29-30	June 12-13
Have travel plans	24%	22%	27%↑

Among those who still have plans, they plan to travel:

In the U.S. < 100 miles from home	48%	51%	50%
In the U.S. 100+ miles from home	43%	45%	41%
Outside the U.S.	9%	4%↓	9%↑

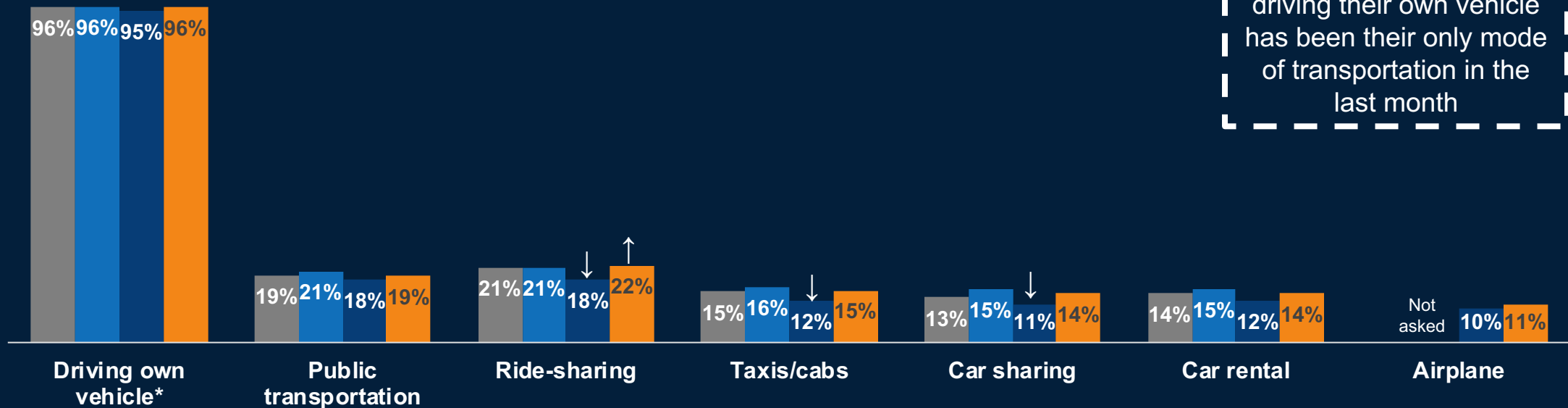
Q28b. How has the coronavirus impacted any personal trips or vacation plans you or your family have for this summer (June, July or August), if at all?

Q28c. Assuming you keep your plans, which of the following best describes the trip you will most likely take?

Consumers continue to rely heavily on their personal vehicles

Past month transportation usage

■ May 1-3 ■ May 15-16 ■ May 29-30 ■ June 12-13



*Among vehicle owners

Q28a. Within the past month or so, how often have you used each of the following transportation methods? (Airplane added Wave 11)

2020 Cox Automotive COVID-19 Consumer & Dealer Impact Studies

We will be releasing an updated version of this material every other week.

We surveyed a nationally representative sample of US consumers ages 18+ during the following timeframes:

- Wave 12: June 12-13, 2020 (n=1,000)
- Wave 11: May 29-30, 2020 (n=1,000)
- Wave 10: May 15-16, 2020 (n=1,000)
- Wave 9: May 1-3, 2020 (n=1,000)
- Wave 8: April 24-25, 2020 (n=1,000)
- Wave 7: April 17-18, 2020 (n=1,000)
- Wave 6: April 10-11, 2020 (n=1,000)
- Wave 5: April 3-4, 2020 (n=1,000)
- Wave 4: March 27-28, 2020 (n=1,000)
- Wave 3: March 20-22, 2020 (n=1,000)
- Wave 2: March 13-14, 2020 (n=999)
- Wave 1: March 5-6, 2020 (n=1,000)

We surveyed a sample of automotive dealers about their general level of concern:

- Wave 10: June 8-12, 2020 (n=700)
- Wave 9: May 26-29, 2020 (n=470)
- Wave 8: May 11-15, 2020 (n=555)
- Wave 7: April 29-May 1, 2020 (n=648)
- Wave 6: April 22-24, 2020 (n=642)
- Wave 5: April 15-17, 2020 (n=691)
- Wave 4: April 8-10, 2020 (n=763) (Note: methodology changed from wave 3 to wave 4)
- Wave 3: April 1-3, 2020 (n=331)
- Wave 2: March 25-27, 2020 (n=339)
- Wave 1: March 18-20, 2020 (n=348)

We also surveyed a sample of automotive dealers who use digital retailing asking how digital retailing is being impacted:

- Wave 2: April 8-10 (n=151), Wave 1: March 25-27, 2020 (n=124)

Prior to the full-scale survey among automotive dealers, we polled a sample of automotive dealers during the following timeframes to understand their level of concern on how the virus will impact their dealership:

- Wave 2: March 16-17, 2020 (n=322), Wave 1: March 5-11, 2020 (n=343)

The objective of this research was to understand the impact of Coronavirus (COVID-19) on US Consumers & Dealer attitudes and behaviors:

- Awareness & Familiarity of COVID-19
- Level of Concern over COVID-19
- Impact on Everyday Behaviors & Business Operations
- Impact on Current Auto Shoppers & Commuters
- Actions to Mitigate Any Negative Impact