



# ***LANE CHANGE***

Navigating What's Next

# ***THE WAY FORWARD***

*Driven by* COX AUTOMOTIVE



# Agenda

COVID-19 Market Update

Essential things dealers should do with inventory

Essential digital capabilities dealers should have in place

Essential things dealers should do with new vehicle inventory



Lance Helgeson  
Moderator

## PRESENTERS



Jonathan Smoke  
VP / Chief Economist,  
Cox Automotive



Dale Pollak  
Executive Vice President,  
Cox Automotive  
Founder, vAuto



Chris Hanna  
Performance Manager  
vAuto



Chase Abbott  
Dealer Software  
Solutions



# *Housekeeping*

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Listen only mode

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Submit questions via Questions panel

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Recording available tomorrow on  
[coxautoinc.com](http://coxautoinc.com)

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# **COVID-19** **Market Update**

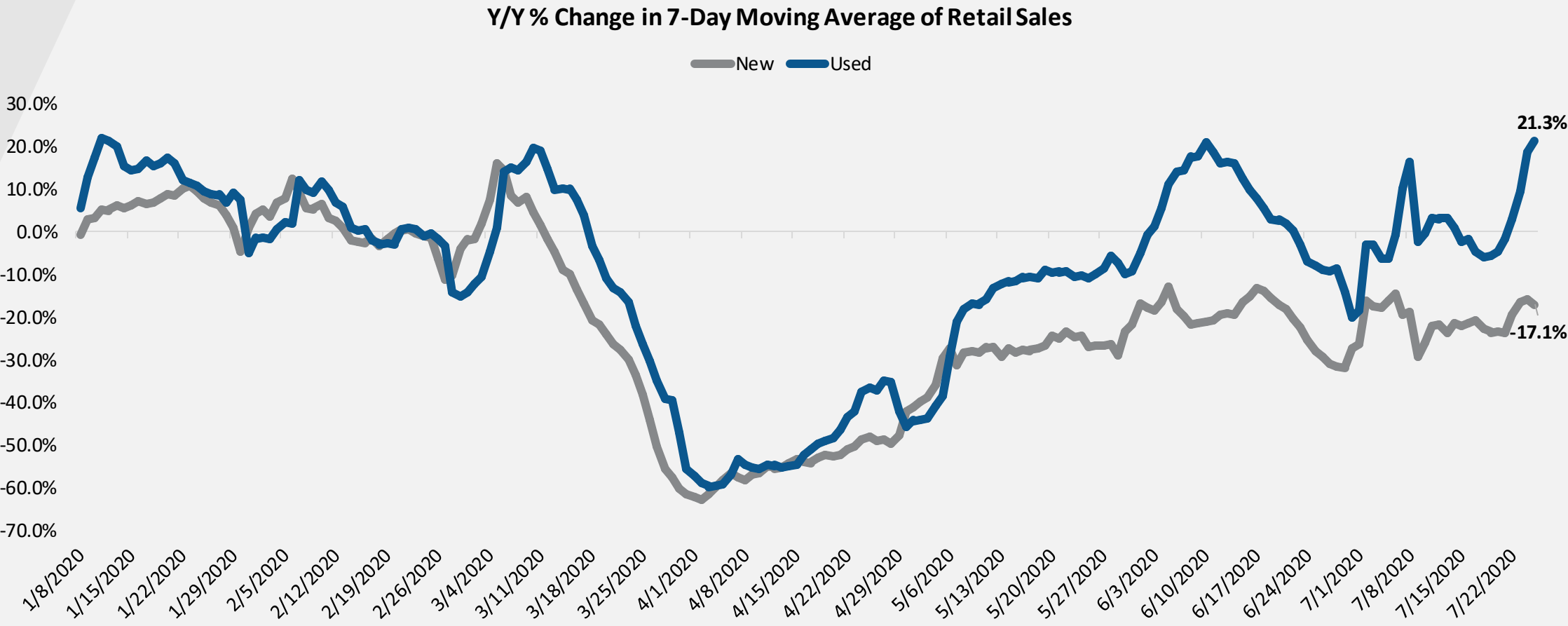
Economic & Industry  
Insights

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Jonathan Smoke  
VP / Chief Economist,  
Cox Automotive

# NEW AND USED VEHICLE SALES INCREDIBLE RECOVERY

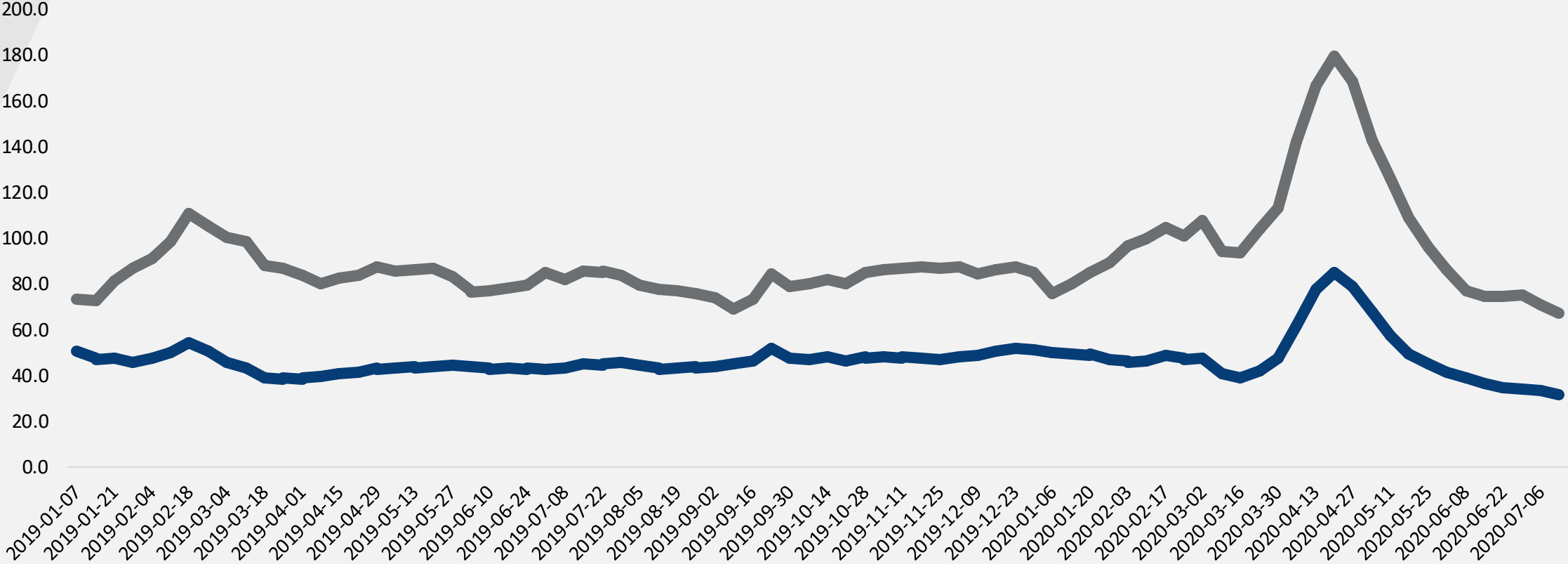
USED MARKET AGAIN RUNNING ABOVE 2019 LEVELS WHILE NEW SALES ARE STILL MUTED IN LAST WEEKEND OF JULY



# SUPPLY BUILT UP BUT IS NOW BELOW NORMAL

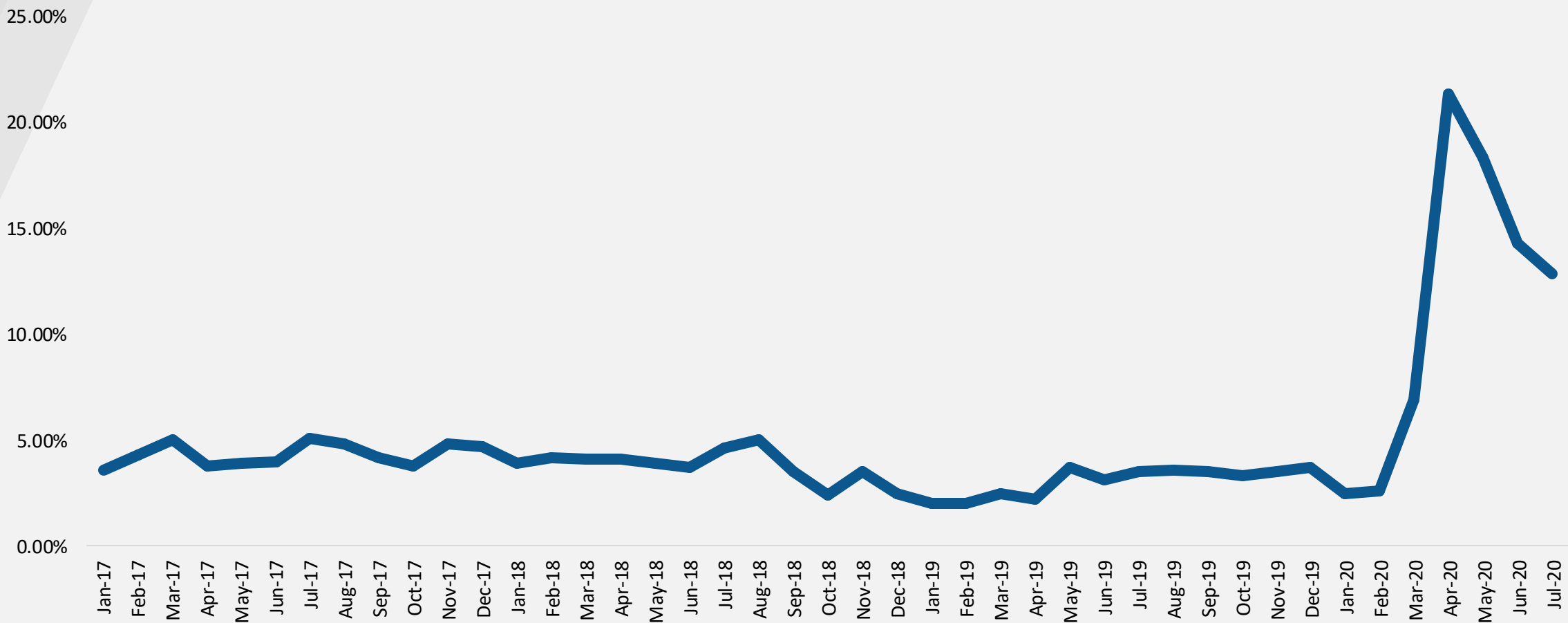
Market Days' Supply

Used New



# ZERO PERCENT FINANCING DECREASES

0% APR Finance Share

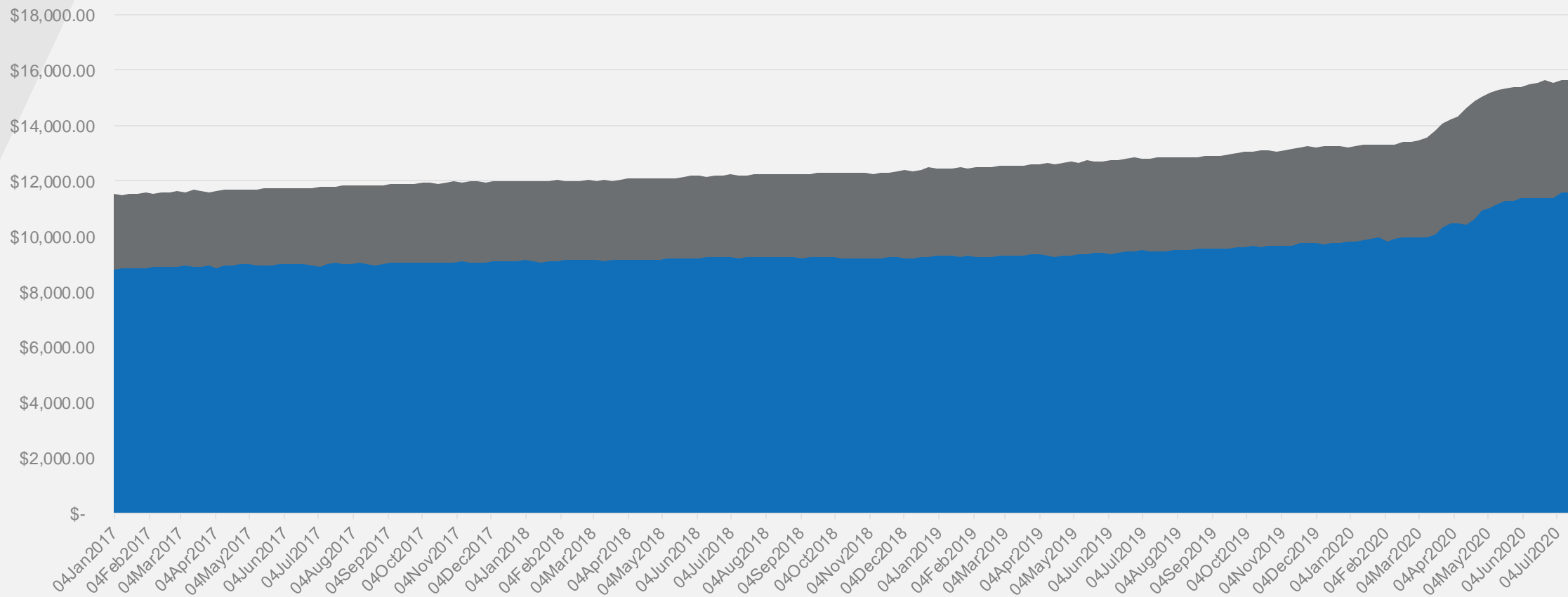




# BANK DEPOSITS SOARED BY \$2.3 TRILLION FOLLOWING THE CARES ACT

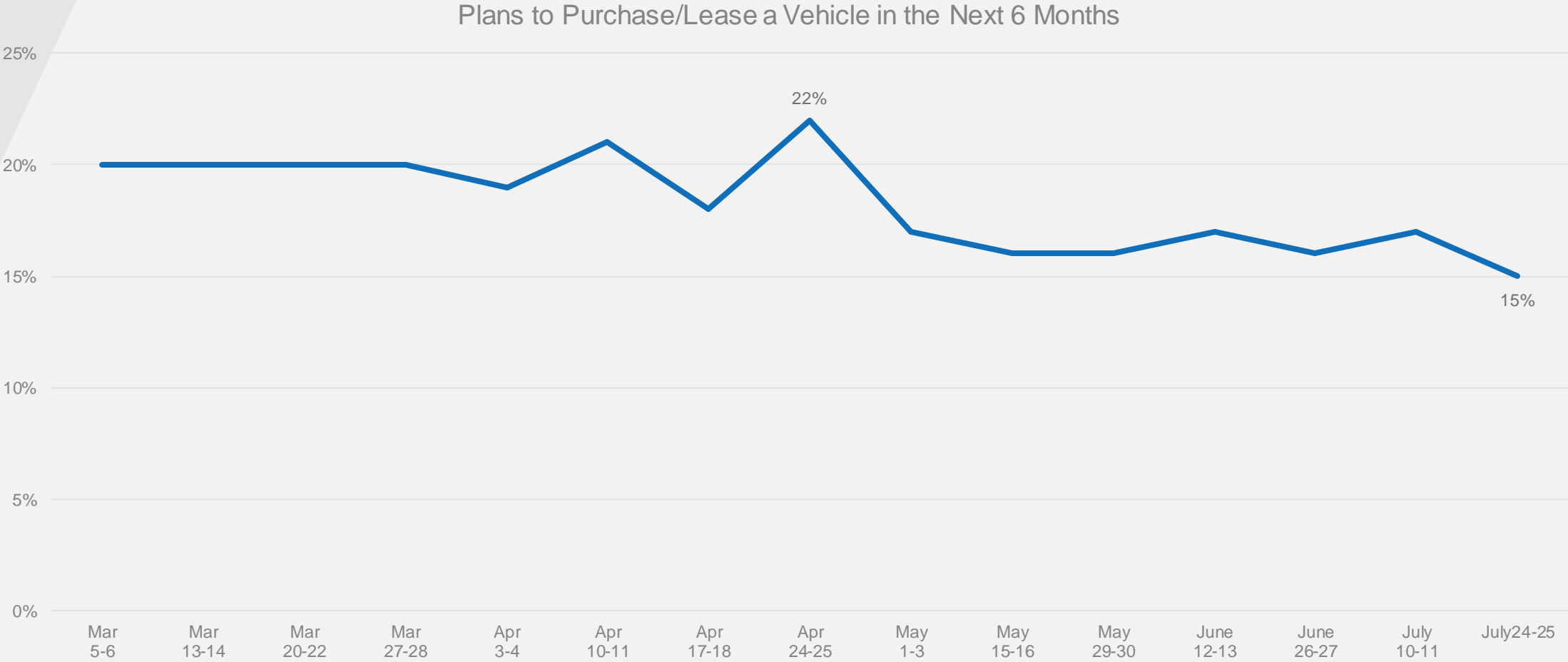
Weekly Deposits at Commercial Banks

■ Bank Deposits (SA) ■ Savings Deposits (SA)

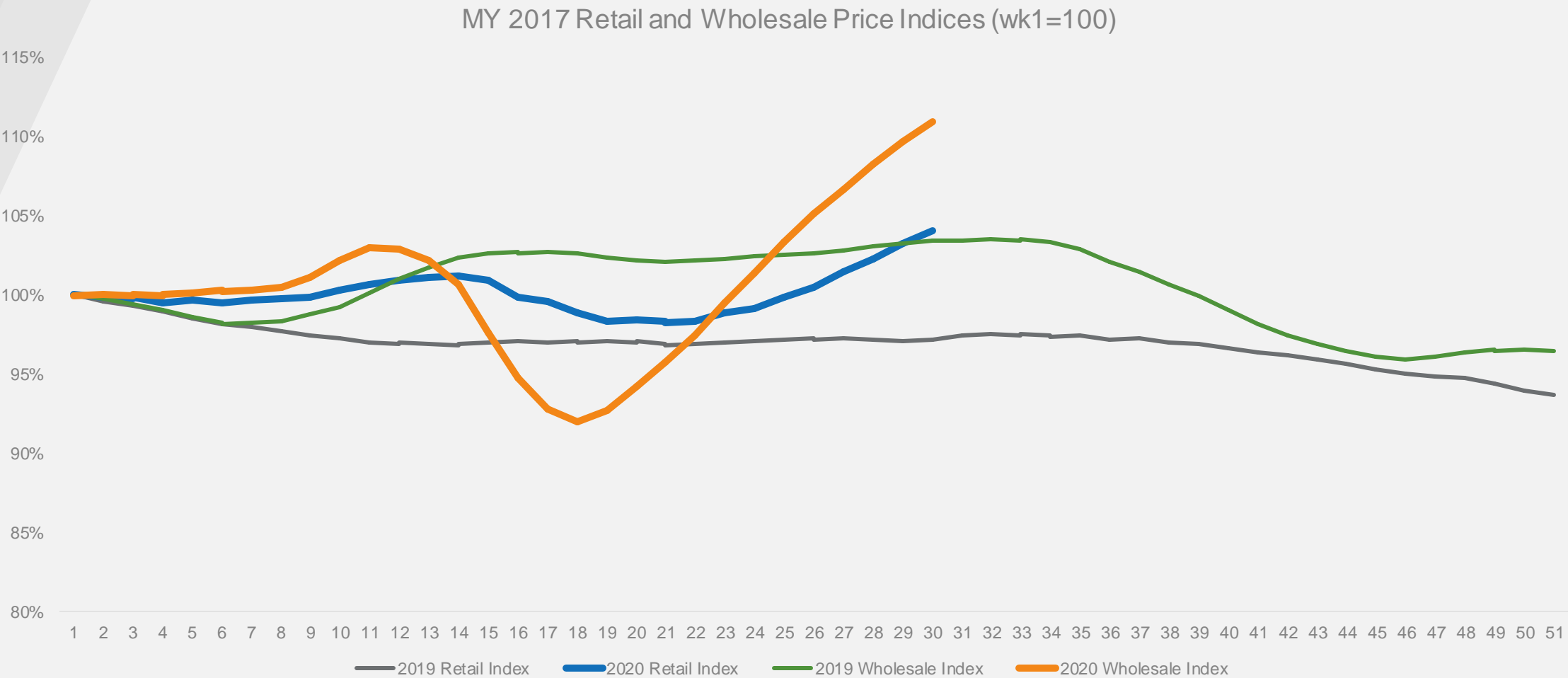




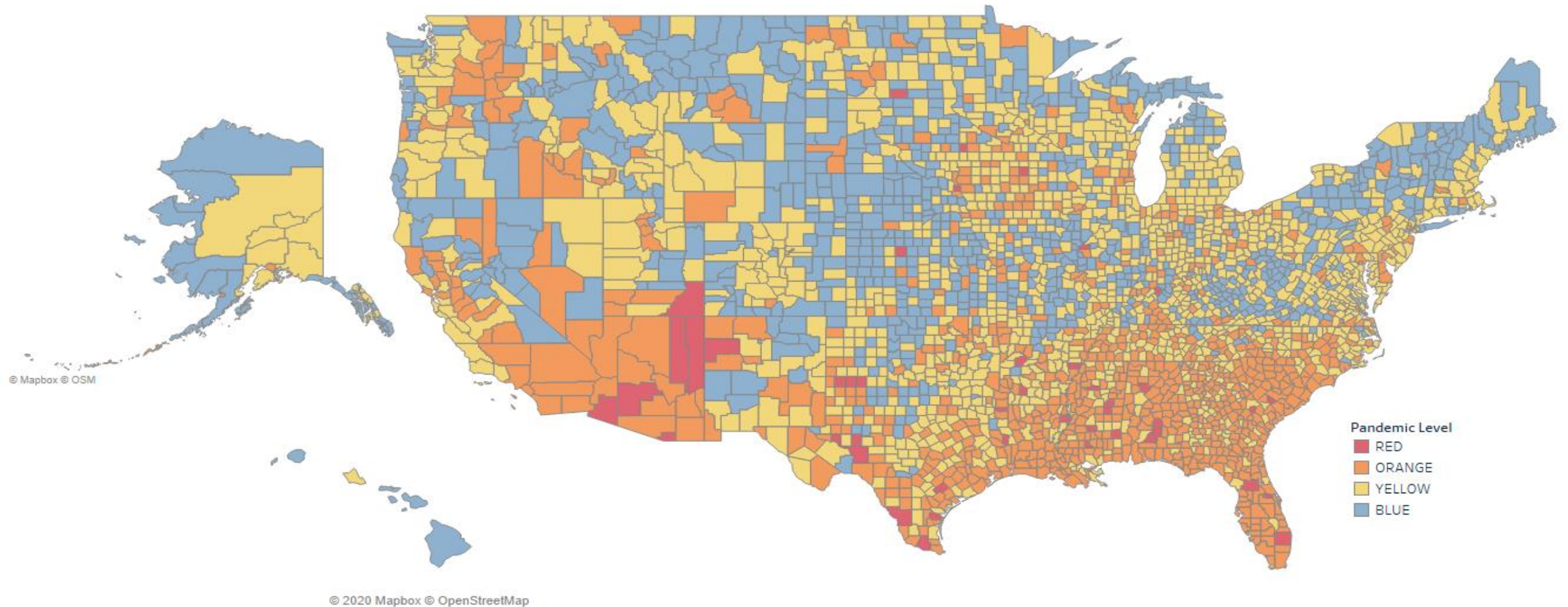
# PURCHASE INTENTION PEAKED IN APRIL



# USED PRICES NOW AT NEW HIGH POINTS



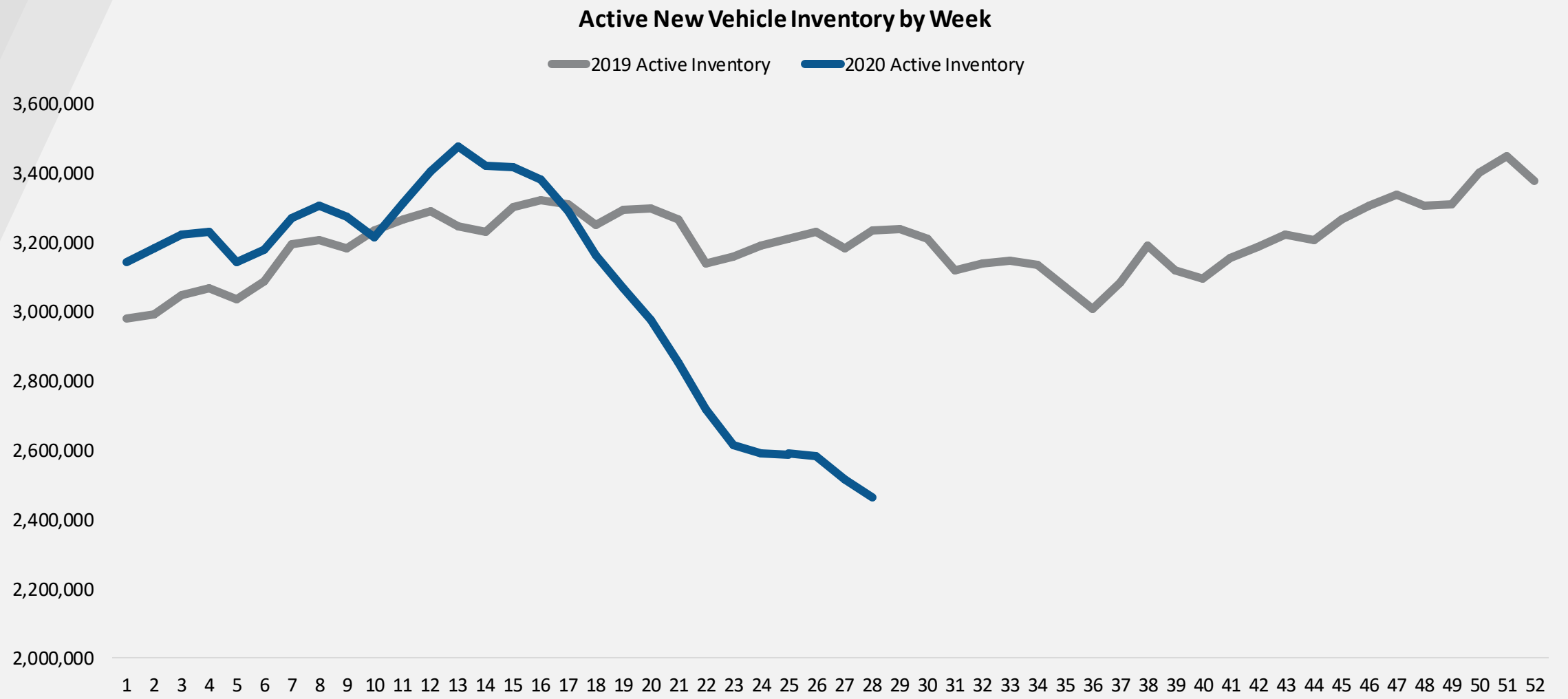
# COVID-19 OUTBREAKS LEADING TO HIGHER RISK IN MOST REGIONS



© 2020 Mapbox © OpenStreetMap



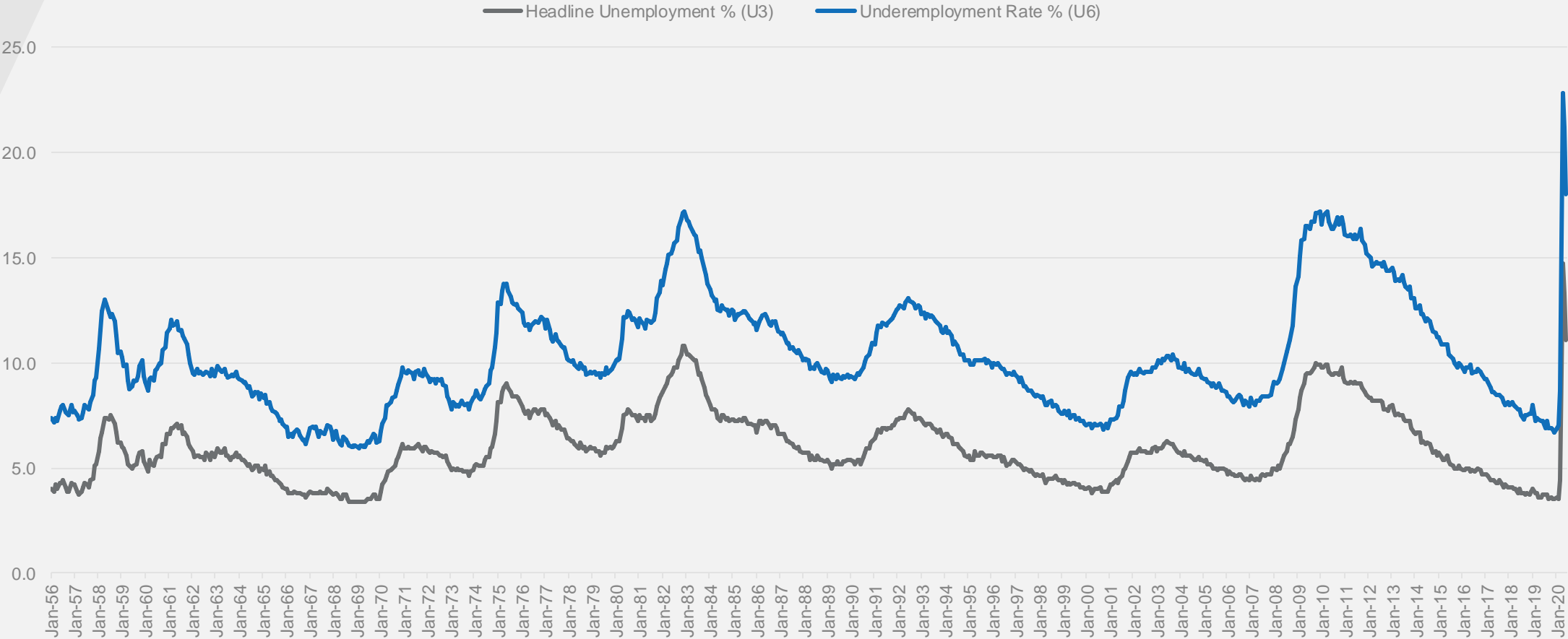
# NEW SALES NOW HAMPERED BY SUPPLY — 2.5 MILLION UNITS AT END OF JUNE



# MAY STARTED THE JOBS RECOVERY; HOW FAST WILL IT BE?

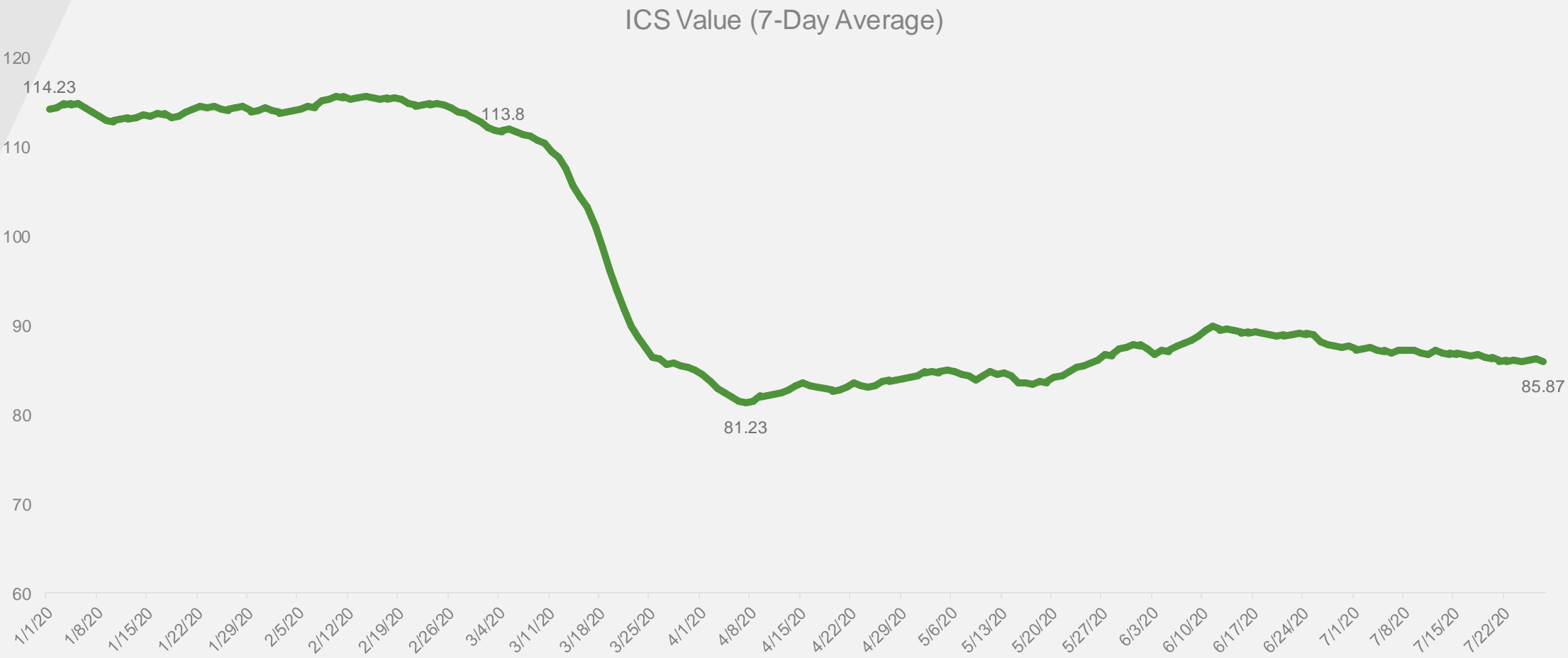
14.7 MILLION NET JOBS LOST SINCE FEBRUARY, MAY AND JUNE ADDED 2.7 AND 4.8 MILLION RESPECTIVELY; UNEMPLOYMENT RATE 11.1%

Unemployment Rates



# CONSUMER SENTIMENT DOWN AGAIN LAST WEEK

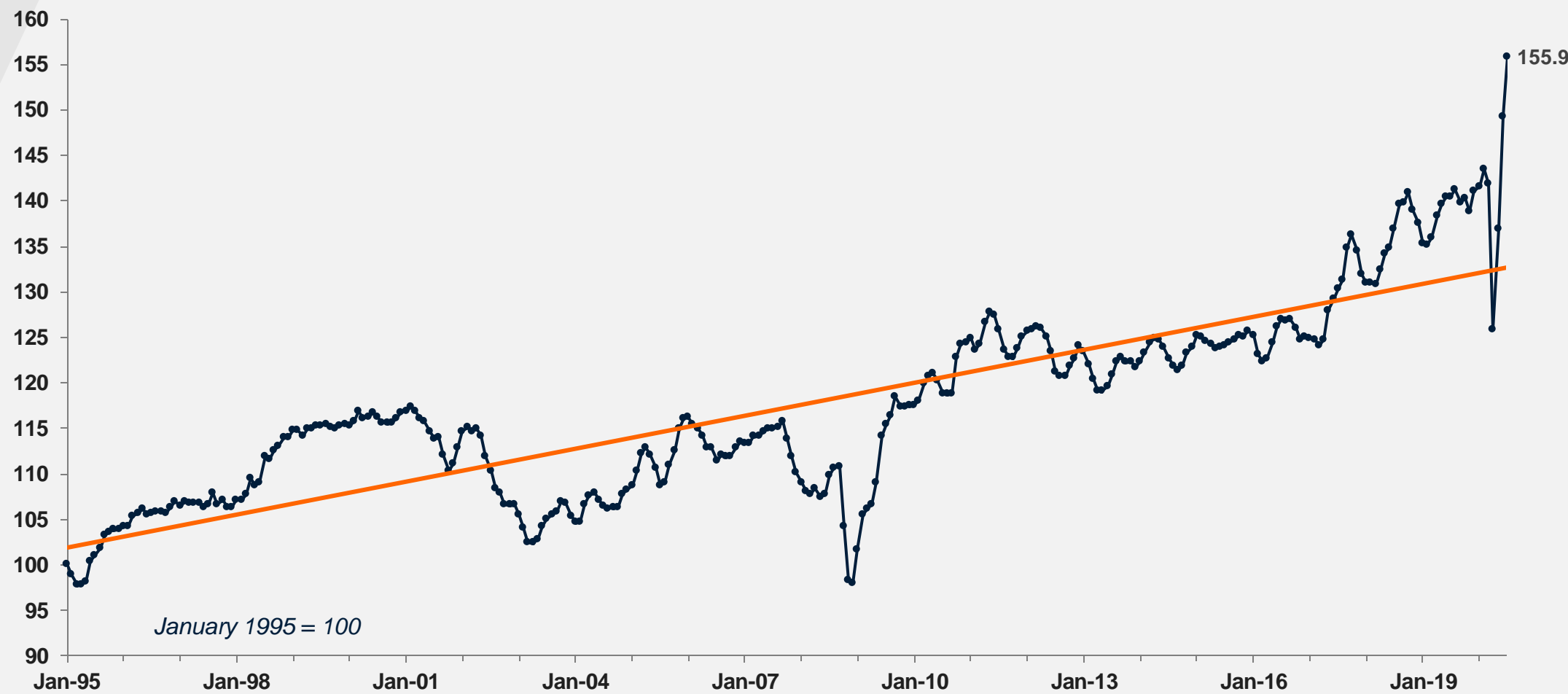
MORNING CONSULT’S INDEX OF CONSUMER SENTIMENT ON MONDAY WAS DOWN 24.2% SINCE FEBRUARY 29





# CONTINUED RECORD-SETTING PERFORMANCE IN WHOLESALE PRICES

PRICES IN THE FIRST 15 DAYS OF JULY INCREASED 4.4% FROM JUNE 2020 AND WERE UP 11% COMPARED TO JULY 2019





# ***Balancing your inventory equation in transition***

...as the year progresses

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**Dale Pollak**

Executive Vice President,  
Cox Automotive  
Founder, vAuto



# Balancing your inventory equation in transition



Period	Sales Pace	Current Stock	Need (+/-)
30 days	94	79	15
14 days	85	79	6
10 days	87	79	8
7 days	95	79	16





# *Top 5 essential things dealers should do with **new vehicle** inventory*

*...as the year progresses*

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Chris Hanna  
Performance Manager  
vAuto

# Top 5 essential moves to make with your new car inventory

#1: Recognize no one is going to run out of cars

#2: Track dealer days supply

#3: Address your “unwants”

#4: Manage sales rate

#5: Focus on your best price: manage sales rate





# #1: Recognize No One Is Going to Run Out of Cars

1. Inventory levels/pipeline vary by OEM
2. Every store has inventory that isn't selling (frozen capital)
3. Unsold cars reduce ability to get right cars





## #2: Track Dealer Days Supply

1. Calculation (How many you sold, how many you have)
2. Identifies vehicles you're selling too quickly or too slowly
3. Helps shape attack plan for unsold inventory



## #3: Address Your “Unwants”

1. Make sure merchandising is ship-shape
2. Be creative (Banners, payments, etc.)
3. Offer “unwants” as alternatives/switch cars



## #4: Manage Sales Rate

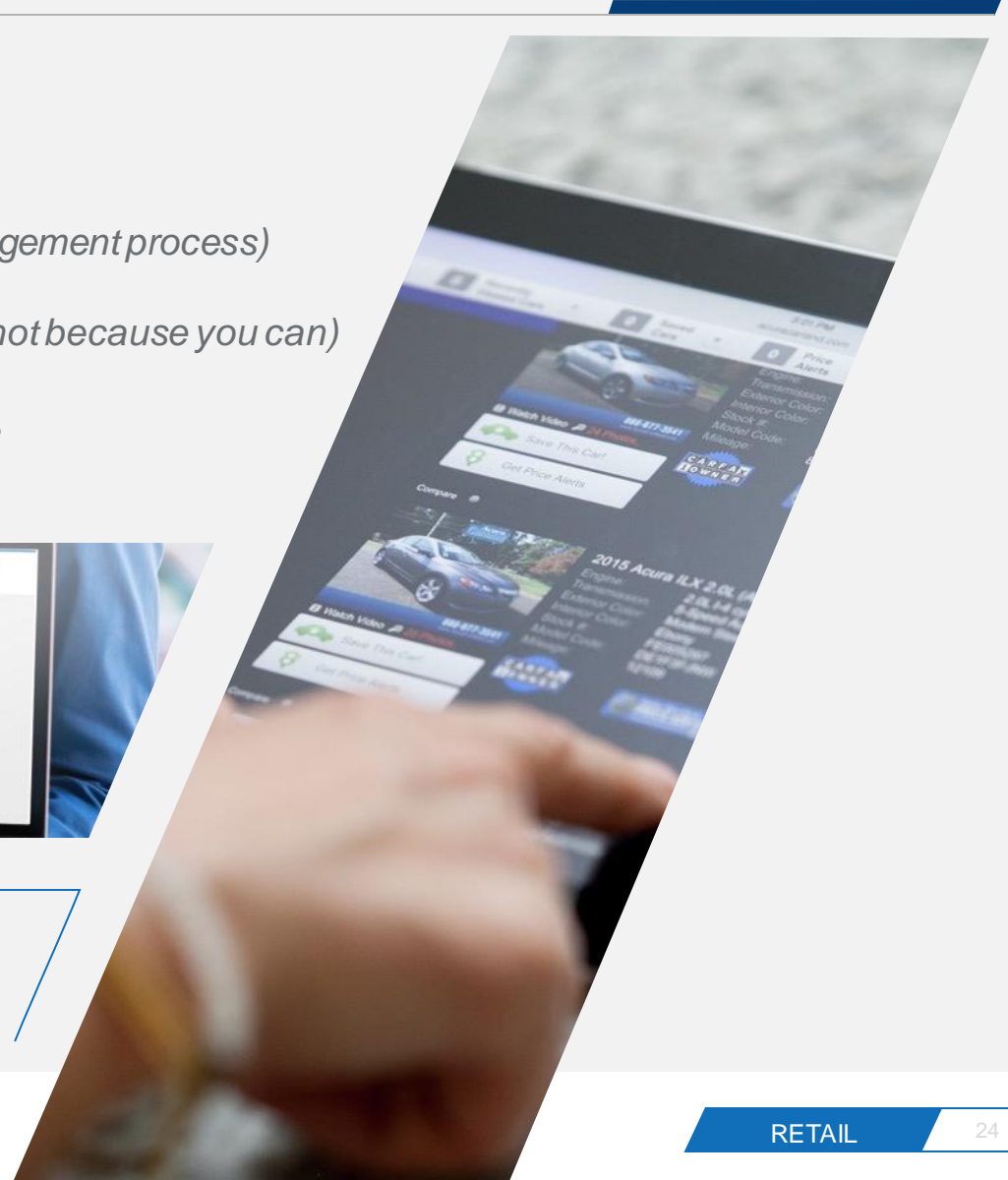
1. Market doesn't stop selling when you run out
2. Use DDS to know when to be more/less aggressive in model/trim configurations
3. Focus on in-market customers





## #5: Focus on Your Best Price

1. OEM covenants have moved pricing offline *(to lead management process)*
2. Use DDS to set best price *(sell aggressive/fast if you must, not because you can)*
3. Offer best price based on in vs. out-of-market customers





# Top 5 essential moves to make with your new car inventory

#1: Recognize no one is going to run out of cars

#2: Track dealer days supply

#3: Address your “unwants”

#4: Manage sales rate

#5: Focus on your best price: manage sales rate





A man with short dark hair and a light beard, wearing a brown plaid blazer over a light blue button-down shirt, is looking down at a tablet computer he is holding. He is standing in a car dealership, with several cars visible in the background. The image has a blue overlay on the left side where the text is located.

# *Essential **digital** **deal-making** capabilities dealers should have in place*

Take-away checklist

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Chase Abbott  
Dealer Software Solutions



# *Essential digital deal-making capabilities*

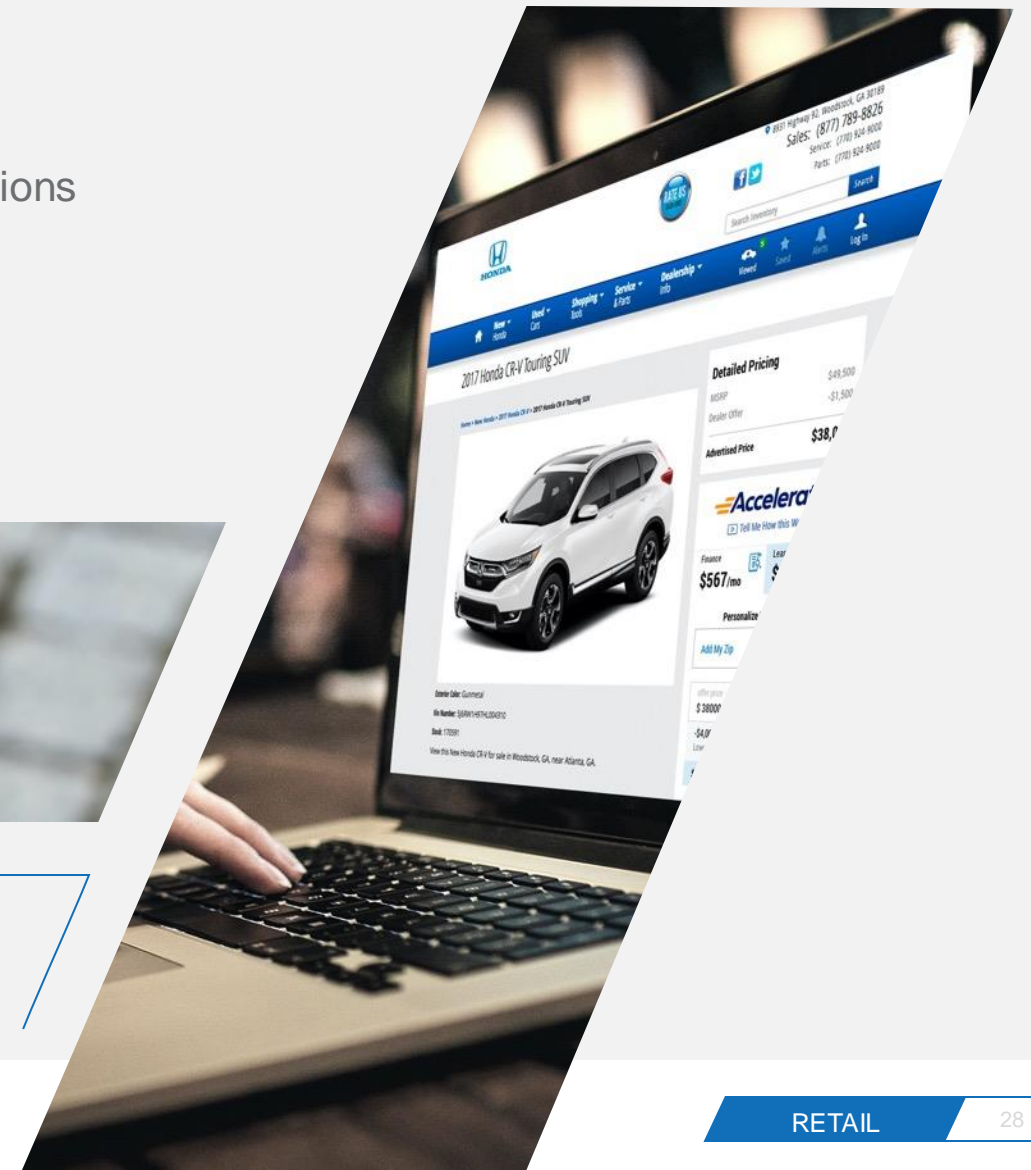
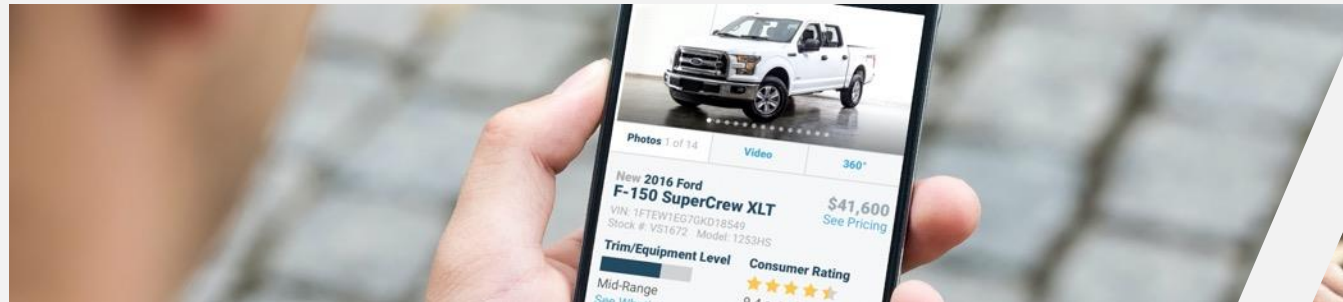
- ✓ Get the online merchandising right
- ✓ Tell the world about your digital retailing experience
- ✓ Connect online to in-store
- ✓ Fly your F&I flag
- ✓ Dial in to the digital data
- ✓ Bonus: be social, and kind



# Get Online Merchandising Right



1. Elemental step that goes beyond good photos, descriptions (360s, videos, etc.)
2. Make sure rates, incentives are accessible, accurate







## *Tell the World About Your Digital Retailing Experience*

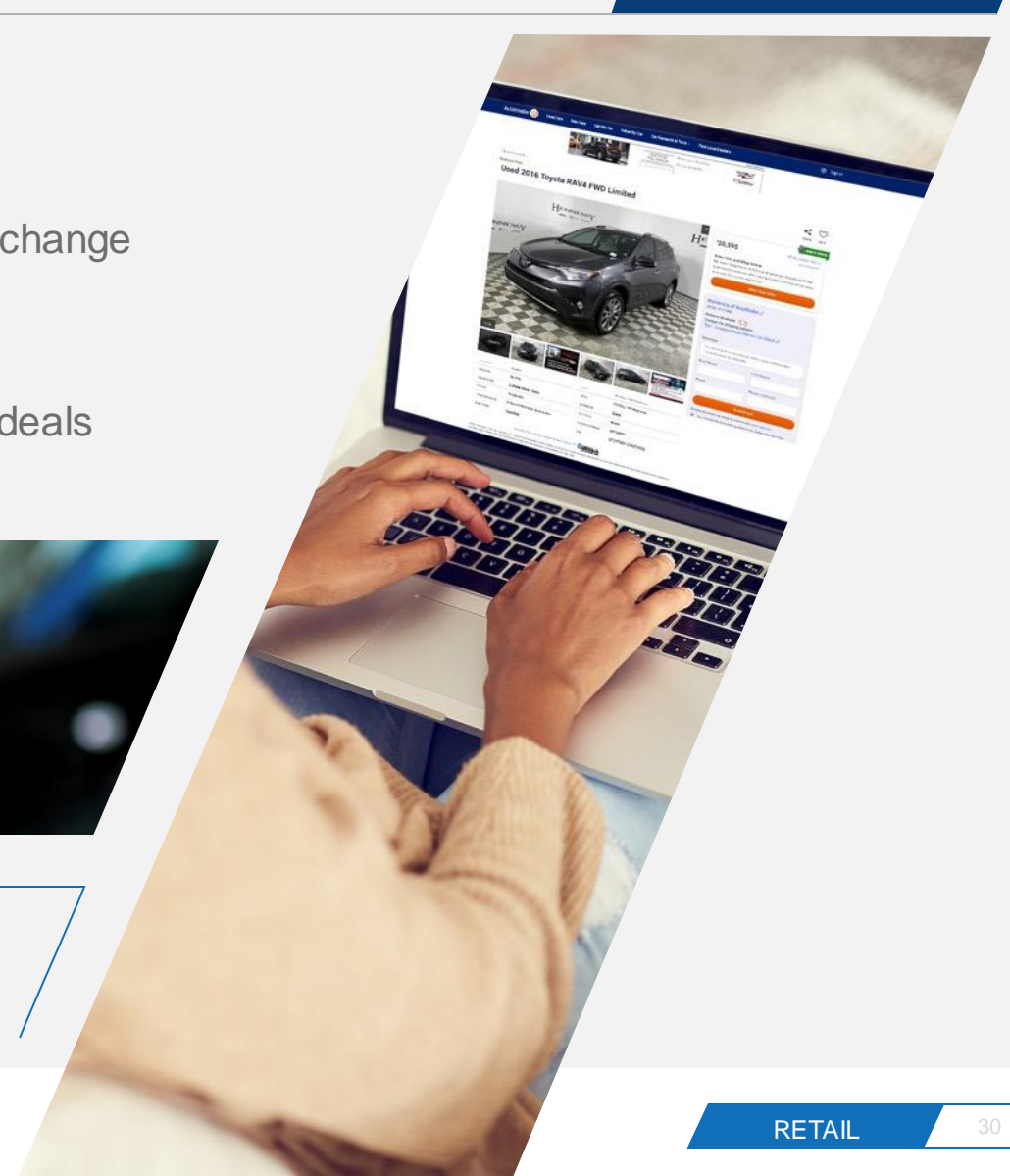
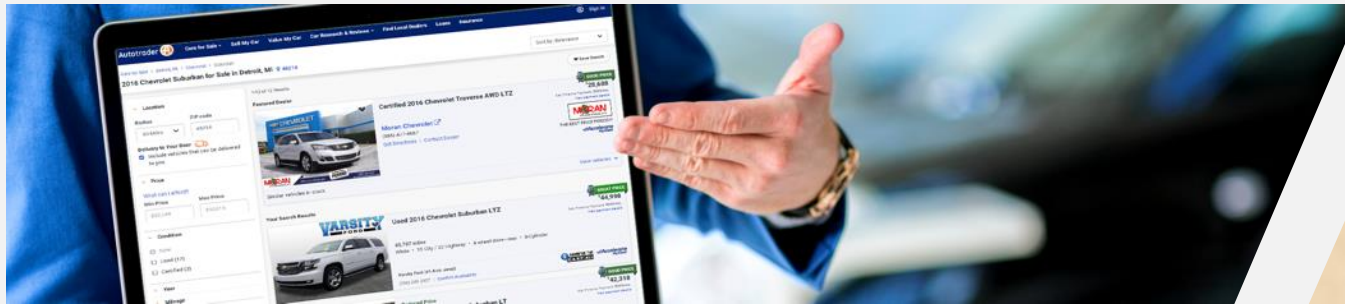
1. If you build it, they come faster - if you tell them
2. Be clear, complete about what you offer (hybrid or all-digital)
3. Set expectations for choice, experience (FaceTime, Zoom)



# Connect Online to In-store



1. Get your team on board—culture, responsibilities, roles change
2. Start where customers stop online
3. Beware of the pitfalls—systems don't talk, double-entry deals



# Fly Your F&I Flag



1. Provide opportunity to self-explore and select
2. Put your people out there
3. Work faster with lenders, partners (e.g. approvals, titles)

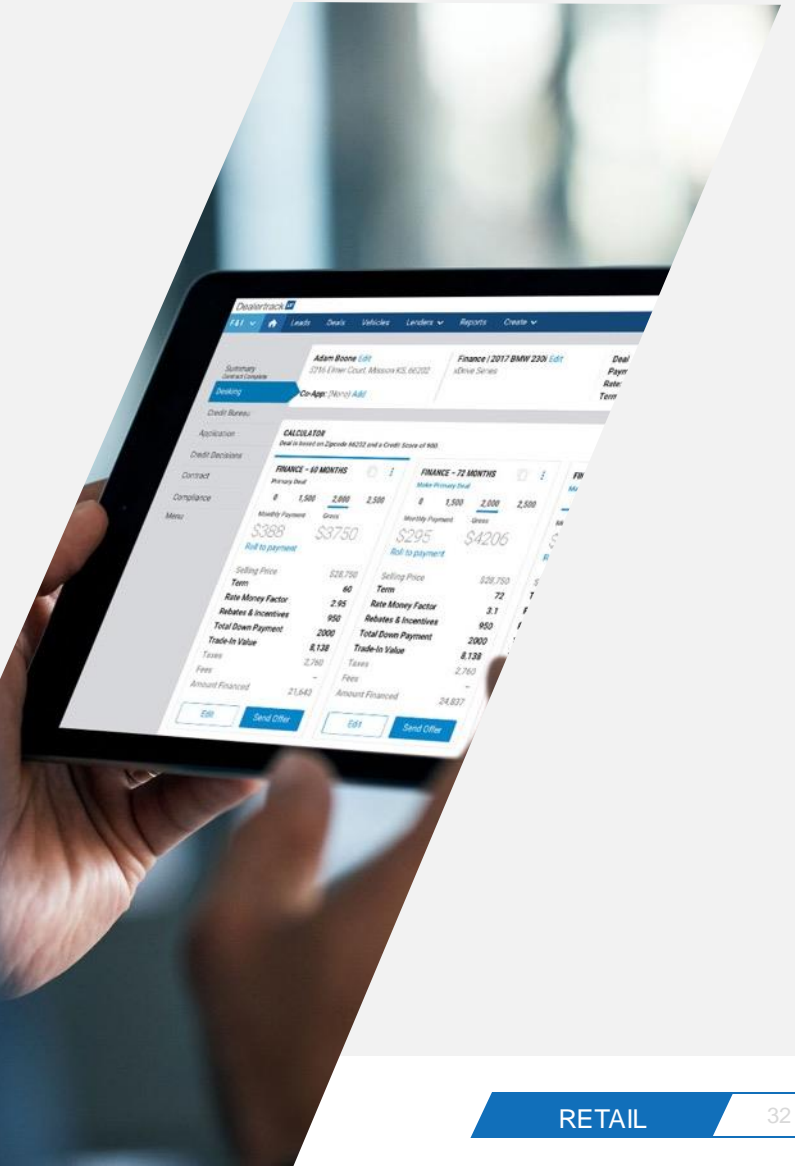




# Dial In to Digital Data



1. Be aware of AI opportunities
2. Use insights to prioritize cars, customers
3. Develop pre-conversion market



# Bonus: Be Social, and Kind



# *Essential digital deal-making capabilities*

- ✓ Get the online merchandising right
- ✓ Tell the world about your digital retailing experience
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- ✓ Fly your F&I flag
- ✓ Dial in to the digital data
- ✓ Bonus: be social, and kind







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## **Q&A**

Navigating What's Next





# Thank You

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**VISIT COXAUTOINC.COM FOR THE LATEST COVID-19  
BUSINESS UPDATES & RESOURCES**



# Balanced Inventory Report Instructions

1. From your vAuto app, Select Pricing, View Inventory
2. On the menu bar, select Filters
3. Select Condition – Used, Disposition – Retail
4. In the Left Inventory section, select either a preset number of days or enter a date range (necessary to obtain a 10-day period)
5. Select Search
6. Your Vehicle Inventory window will now display the vehicles sold in the specified time period and the number of vehicles will be displayed in the bottom right corner
7. You can save this report by selecting Saved Filters, Save (or Save As) and naming the report for future use

The screenshot displays the vAuto LIVE MARKET VIEW app interface on a tablet. The top navigation bar includes links for Home, Stocking, Appraising, Pricing, Merchandising, Wholesaling, Reporting, and Settings. The main content area is divided into several sections:

- Vehicle Information:** Fields for VIN (SUXXU2C56G0N81223), Odometer (7200), Year (2016), Make (BMW), Model (X6), Series (xDrive35i), Body Type (SUV), # Cylinders (6), Trans (Automatic), and Color (White). A "GO" button is present.
- Salesperson/Appraiser Information:** Fields for Salesperson and Appraiser (Feiden, Howard), and a checked "Purchase" checkbox.
- Customer Information:** Fields for First Name (manheim), Last Name (delray), Home Phone, Email, Address, and Postal Code.
- Vehicle Additional:** A "Notes" field.
- Vehicle Photos:** A section for viewing vehicle photos.
- Vehicle of Interest:** A dropdown menu.
- Summary:** A section showing various vehicle metrics and a "Tags" button.
- Appraised Value:** A section showing the appraised value (50000) and profit (1999).
- Price Rank:** A section showing the price rank (2 of 13) and adjusted percentage of market (94%).
- vRank:** A section showing the vRank (1 of 13) and asking price (53999).
- Market Days Supply:** A section showing the market days supply (77) and like mine (53).
- Adj % Cost to Market:** A section showing the adjusted percentage cost to market (91).

The bottom of the screen shows a table of vehicle listings with columns for Store, Avg List Price, MDS, Grade, and Strategy. The table lists several stores and their corresponding vehicle details.