COVID-19:

TRACKING U.S. CONSUMER AND AUTOMOTIVE DEALER SENTIMENT

STUDY SUMMARY & HIGHLIGHTS

Issue #17
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Cox Automotive™

What We're Seeing This Week

1

For the first time since COVID began, a majority of dealers are reporting their sales and service levels to be the same or higher as this time last year. While dealers are seeing their business bounce back, inventory sourcing remains their biggest challenge, pushing used vehicle retail prices higher, thwarting consumer demand.

2

Service pick-up and delivery (SPUD) is gaining steam with consumers. With over 90% satisfaction rating and nearly half of consumers willing to pay $20 for the convenience, SPUD offers dealers an opportunity for incremental revenue. Today, however, most dealers are not charging for this service and some have stopped offering it altogether - potentially leaving service business and revenue on the table.

3

It's become abundantly clear that simply having a digital retailing solution is not enough to be successful. To thrive in this new digital future, dealers must adapt their business operations, communication strategy, and staffing models to maximize the value of their solution.

4

Between virtual schooling, stimulus checks, vaccines, and political tension, consumers are faced with more uncertainty and instability than ever. Positive changes this week are more likely a reflection of the strength of consumer resilience and adaption rather than an outright recovery.

7 out of 10 Franchise dealers are resuming normal levels of sales and service activity

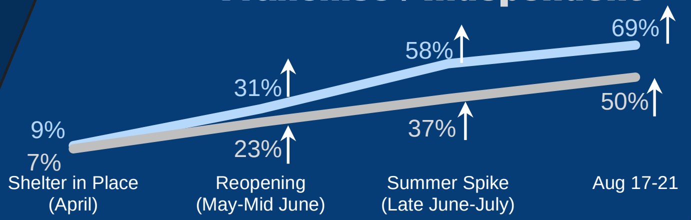
Average Reported Levels

(% reporting increases or staying the same compared to last year)

Vehicle Sales

69% / 50%

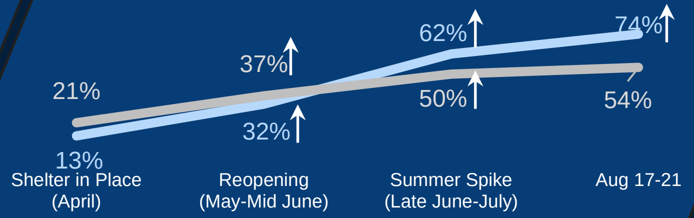
Franchise / Independent



Service Appointments*

74% / 54%

Franchise / Independent



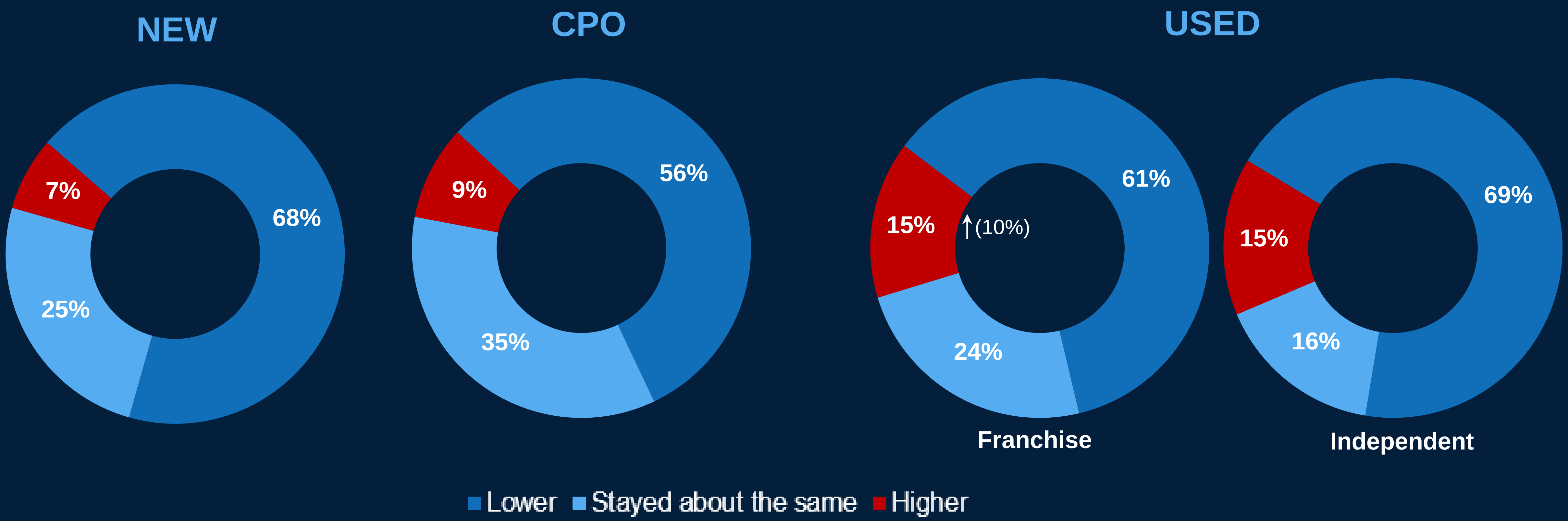
↓↑ *Indicates significant difference since last wave, (##) indicates score from last wave when change is significant*

Indicates significant difference between Franchise & Independents

** Among those with a service center*
***New question wording started on 5/15: Q116. By what percentage have the following increased or stayed the same compared to this time last year?*
Previous question wording 4/10-5/1: Q13. By what proportion have the following increase or stayed the same due to coronavirus (COVID-19)?

Inventory shortage remains dealers' most pressing challenge…

Current inventory levels compared to pre-COVID



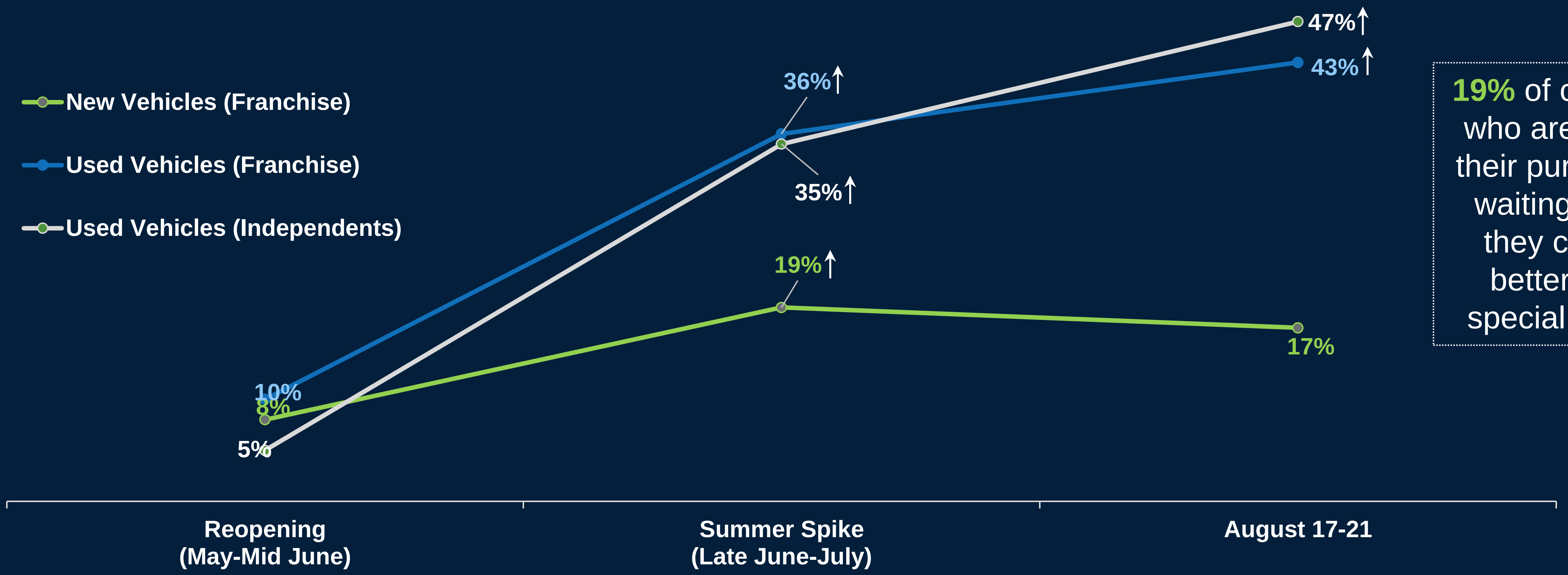
↓↑ *Indicates significant difference since last wave, (##) indicates score from last wave when change is significant*

Q167. How do your dealership's current retail inventory levels compare to where they were in February before the COVID-19 outbreak?

Q157v2. What's the most pressing challenge your dealership is faced with today?

…leading to higher retail prices for consumers, which can thwart demand

% of Dealers reporting higher retail prices vs. February



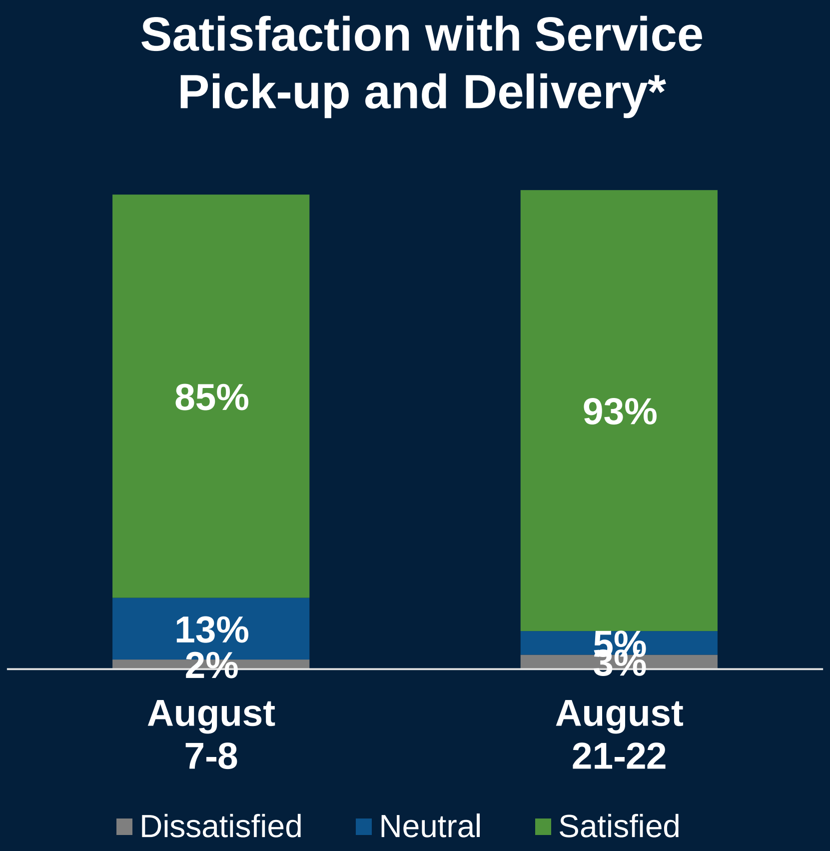
19% of consumers who are delaying their purchase are waiting to see if they can get a better deal or special incentive

↓↑ *Indicates significant difference since last wave*

Dealer Q166. How do your dealership's current prices compare to what they were in February before the COVID-19 outbreak?
Dealer Q88. How has your dealership changed your retail prices as a result of the coronavirus (COVID-19) outbreak?
Consumer Q17a3. You said you may delay purchasing/leasing a vehicle due to coronavirus. What are the main reasons? Please select up to 2 of the main reasons.

Nearly all consumers who have experienced "Service Pick-up and Delivery" give it a thumbs up!

22% of vehicle owners have used service pick-up and delivery since COVID



"I like the experience because it gave me the option of not visiting the workshop in person, as a way of social distancing during this pandemic era."

"It couldn't have been better."

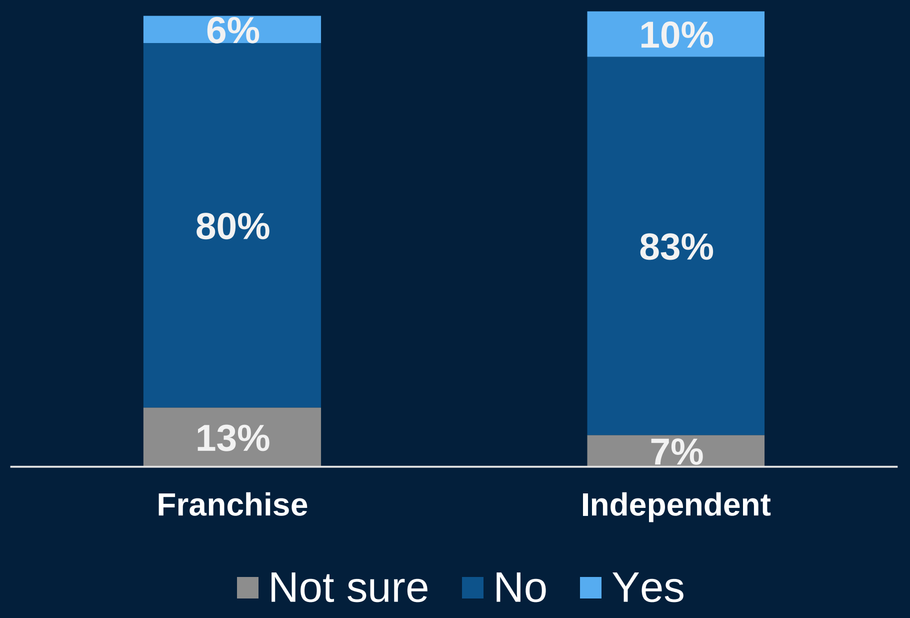
"The service was great, no complaints."

Q18a9. When you recently had your vehicle serviced by a dealership, did you use any of the following options/services if the dealership offered them?
Q18a9a. How satisfied were you with using this service?
Q18a9b. How could your experience with having the dealership pick up the vehicle at your home, take it in for service/maintenance, then deliver back to your home have been improved, if at all?

**Among vehicle owners who have used*

Nearly half of consumers are willing to pay $20 for the convenience of service pickup and deliver, but most dealers are not charging.

Are you charging customers for service pick-up and delivery?
(among dealers providing service pick-up and delivery)



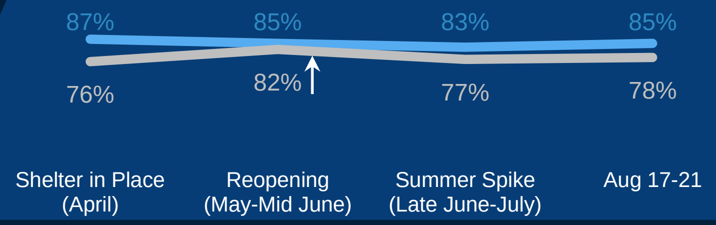
48% of vehicle owners are likely to pay $20 for service pick-up and delivery

Dealer Q158. You indicated that you are providing vehicle service pick-up and delivery at a customer's home. Are you currently charging your customers for this service?
Consumer Q18b2. In the near future, how likely would you be to pay [$20/$40] for the option to have a dealership pick up your vehicle at your home, take it in for service/maintenance, then deliver it back to your home?

The majority of dealers are holding on to their digital retailing solution…

85% / 78%

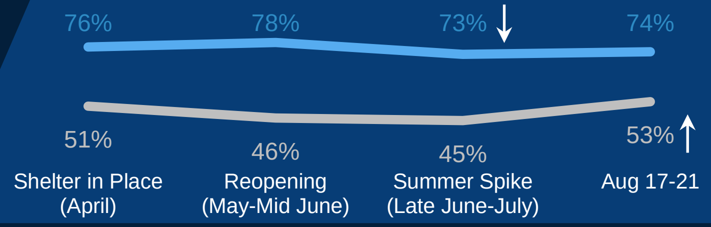
Franchise / Independent



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

74% / 53%

Franchise / Independent



% of dealers that have a Digital Retailing solution in place

61% of shoppers want to do ***more*** of the purchase steps online compared to the last time they purchased a vehicle*

Indicates significant difference between Franchise & Independents

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

Dealer Q24. How, if at all, is your dealership currently selling vehicles?
Dealer Q14. Does your dealership currently have a digital retailing solution in place?
Consumer Q19c3. The next time you purchase a vehicle, how many steps would you want to complete online (such as getting a trade-in value, applying for credit, etc.) compared to the last time you purchased a vehicle?

**Among 6-month auto intenders who have purchased a vehicle before*

And not surprisingly, the shift to digital is changing what dealers look for in future hires

% of Dealers Who Will Place Greater Emphasis on Hiring Digital / Tech-savvy Skill Sets in the Future (Among Management Respondents)		**% of Dealers Who Will Place Greater Emphasis on Hiring Digital / Tech-savvy Skill Sets in the Future** (Among Management Respondents)	
Franchise	**Independent**	**Franchise**	**Independent**
47%	**32%**	**56%**	**47%**↑
Responses from 5/15 (Wave 8)		Responses from 8/17-21 (Wave 14)	

↓↑ *Indicates significant difference since Wave 8*

Indicates significant difference between Franchise & Independents

Q108. Will you put more of an emphasis on hiring employees with a digital / tech savvy skill set in your future hiring decisions?

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 17: August 21-22, 2020 (n=1,000)
- Wave 16: August 7-8, 2020 (n=1,000)
- Waves 13-15 (Summer Spike): June 26-July 25, 2020 (n=3,000)
- Waves 9-12 (Reopening): May 1-June 13, 2020 (n=4,000)
- Waves 4-8 (Shelter in Place): March 27-April 25, 2020 (n=5,000)
- Waves 1-3 (Early Outbreak): March 5-22, 2020 (n=2,999)

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

- Wave 14: August 17-21, 2020 (n=740)
- Wave 13: July 20-24, 2020 (n=794)
- Wave 12: July 6-10, 2020 (n=782)
- Wave 11: June 22-26, 2020 (n=725)
- 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