


THE WAY
FORWARD

Driven by COX AUTOMOTIVE

TURNING THE
LESSONS OF COVID-19 INTO
COMPETITIVE ADVANTAGES



COVID-19 turned 2020 into one of the most difficult years in a century, uprooting lives all over the world. In early March, many in the U.S. had to quickly adapt to what is now commonly referred to as the “new normal.” The pandemic also significantly altered the U.S. automotive industry in three ways:

1 / THE DIGITIZATION OF RETAIL

2 / THE RISE OF TOUCHLESS SERVICE

3 / THE RESURGENCE OF OWNERSHIP

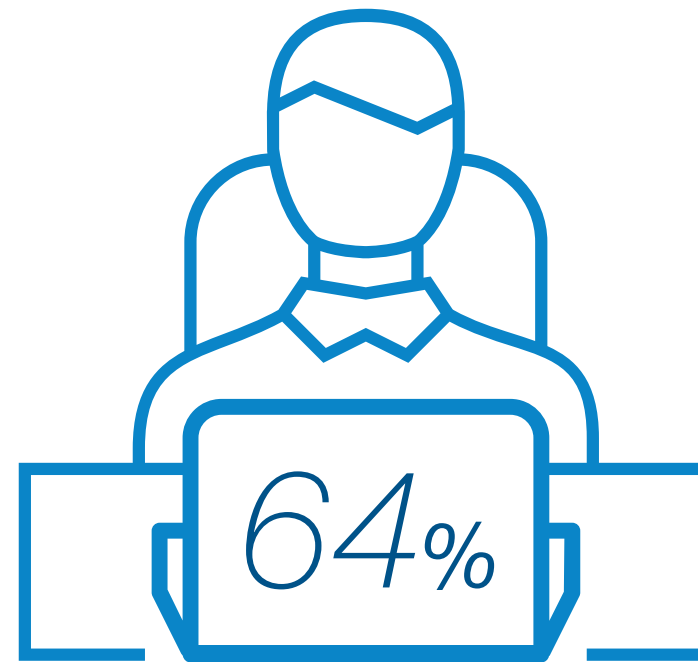
1 / THE DIGITIZATION OF RETAIL

For years, consumers have expressed a desire to complete more of the car buying process online to reduce frustrations associated with visiting the dealership in person. COVID-19 has only fueled the desire to interact digitally.



74%

74% of franchise dealers say their **customers have used digital retailing more since COVID-19**¹



64% of shoppers surveyed during COVID-19 **want to do more online** compared to the last time they purchased a vehicle²



76%

76% of shoppers are **now open to the idea of buying a vehicle completely online**¹

¹ Cox Automotive Digitization of End-to-End Retail Study ² Cox Automotive COVID-19 Consumer Impact Study

1 / THE DIGITIZATION OF RETAIL

Online transacting is the future, and neither consumers or dealers are looking back. **Starting in 2021, only 1 in 3 franchise dealers have an end-to-end solution, but 80% plan to move more of the purchase process online in 1-2 years.**¹

To stay ahead of the curve, it's critical to start moving the final steps of the purchase process online, such as finalizing the price, selection of F&I products, and remote signature for paperwork.

IMPACT OF DIGITAL RETAILING ON CONSUMERS

% of buyers in 2020 who had a better purchase experience than last time²



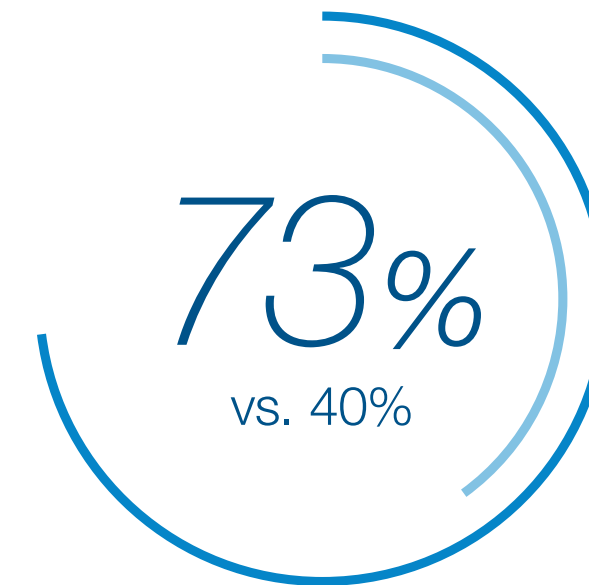
Heavy Digital Buyers



Light Digital Buyers

Heavy digital buyers **saved an average of 42 minutes** at the dealership

Heavy digital = More than 50% of purchase completed online
Light digital = Less than 20% of purchase completed online



By mid-2020, franchise dealers were **leading the adoption of digital retailing**, with 73% having a DR solution vs. 40% of independent dealers³

MOST POPULAR STEPS TO OFFER:¹

1. APPLY FOR FINANCING
2. INFO ON INCENTIVES
3. SCHEDULE TEST DRIVE
4. PAYMENT CALCULATOR
5. TRADE-IN OFFER

IMPACT OF DIGITAL RETAILING ON DEALERS



78% of franchise dealers say **digital retailing has created efficiencies in their store**¹



64% of franchise dealers **have seen a positive impact on sales** since implementing digital retailing¹

¹ Cox Automotive Digitization of End-to-End Retail Study

² Cox Automotive Car Buyer Journey

³ Cox Automotive COVID-19 Dealer Impact Study

2 / THE RISE OF TOUCHLESS SERVICE

Vehicle owners have long viewed the service experience as time consuming and inconvenient. For the average consumer, visiting a dealership for service in pre-COVID times could be even more of a hassle than visiting the dealership to purchase a vehicle.

PRIOR TO 2020:

The #1 pain point with the service experience

“Took longer than expected”

Average wait time for maintenance and repair

2 1/2 - 3 hrs

Source: 2018 Cox Automotive Service Industry Study

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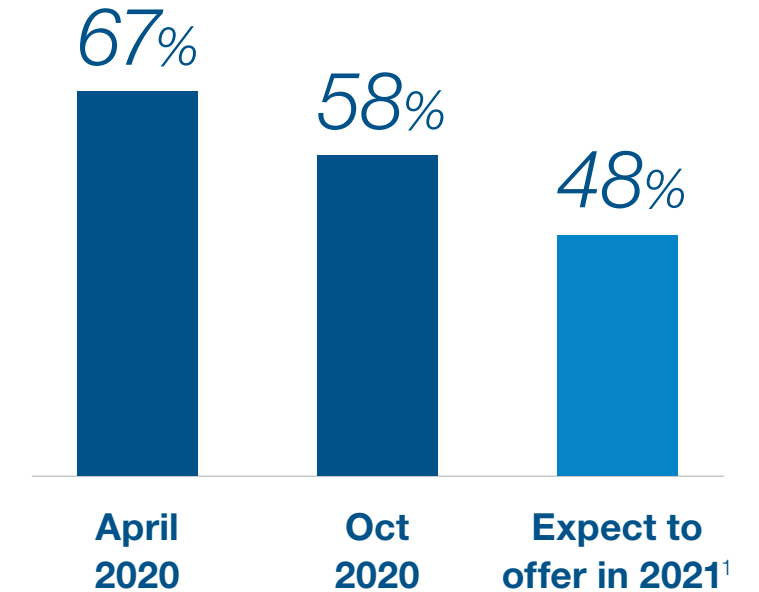
2 / THE RISE OF TOUCHLESS SERVICE

Amid COVID-19, the service experience has changed drastically for consumers as dealers are faced with the expectations to allow for social distancing. While many offered Service Pick-up & Delivery at the onset of the pandemic, adoption has declined gradually over time as it requires more staff, time, or money than they can afford.

Dealers also say that customer interest is too low to sustain a Service Pick-up & Delivery program. Consumer usage has remained modest throughout the pandemic, but primarily due to low awareness.

For dealers, it's incredibly important to get the word out, especially since we have learned that it can be a significant competitive differentiator!

FRANCHISE DEALERS WHO OFFER "SERVICE PICK-UP AND DELIVERY"²



48%
vs. 22%

48% of vehicle owners are **interested in using Service Pick-up and Delivery** but only 22% are aware dealers offer it³

86%

86% of past Service Pick-up and Delivery users **are likely to choose one dealer over another** based on the availability of this service³

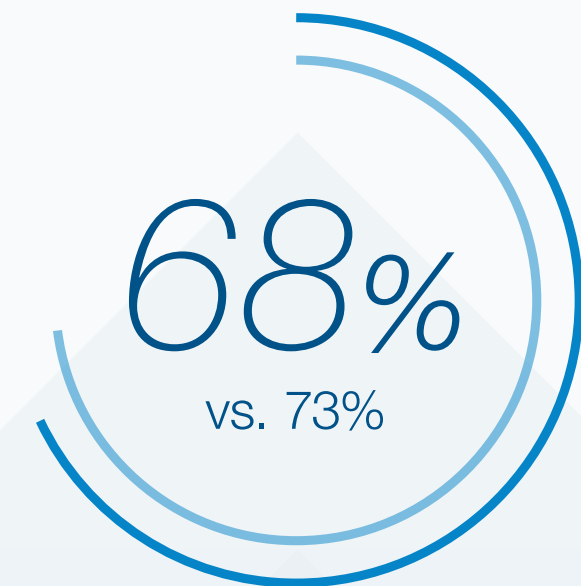
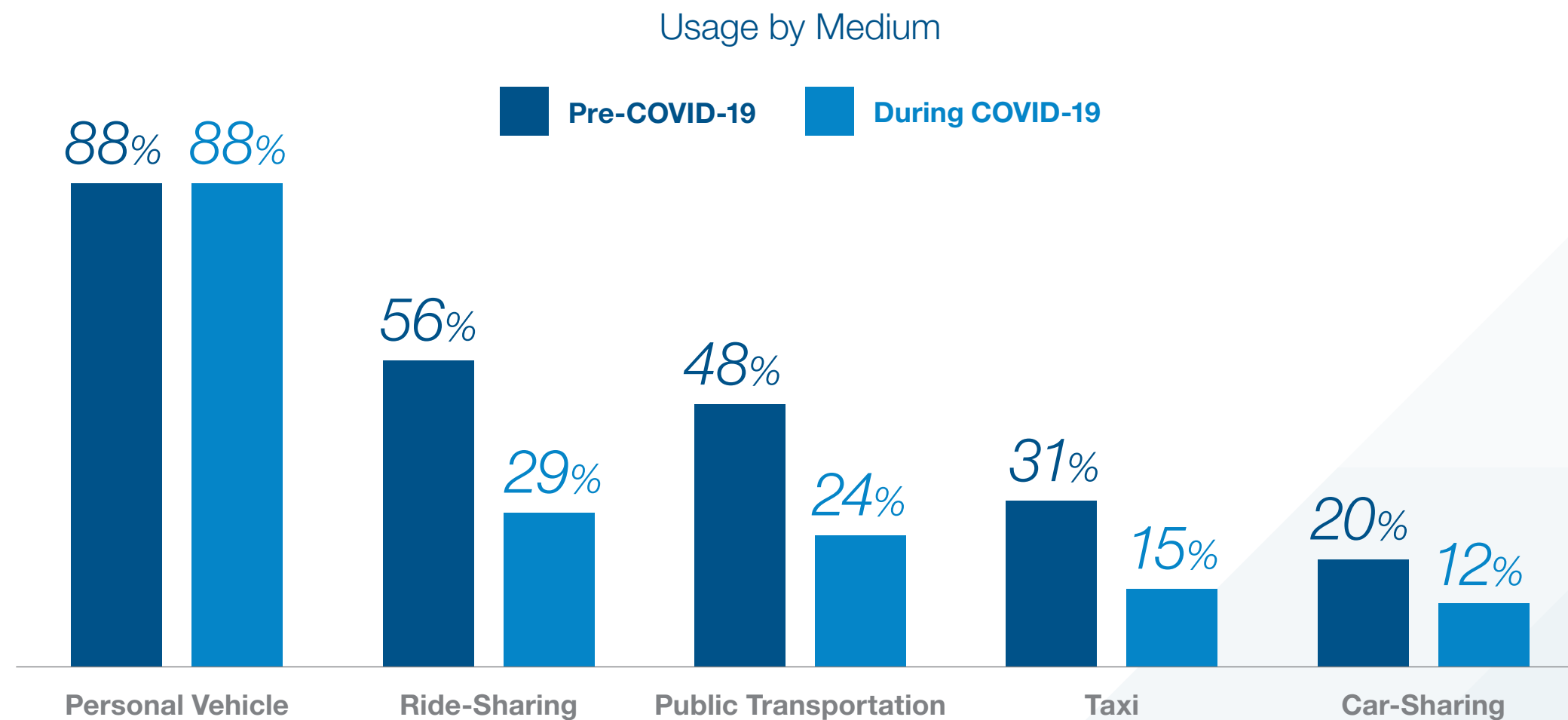
¹ Cox Automotive 2021 Predictions Study

² Cox Automotive COVID-19 Dealer Impact Study

³ Cox Automotive COVID-19 Consumer Impact Study

3 / THE RESURGENCE OF OWNERSHIP

Use of shared mobility services such as ride-sharing, public transportation and taxis took a severe hit in 2020, while use of personal vehicles stayed the same. As we start 2021, some shared mobility services have made progress, but it is clear consumers are still reluctant to share rides.

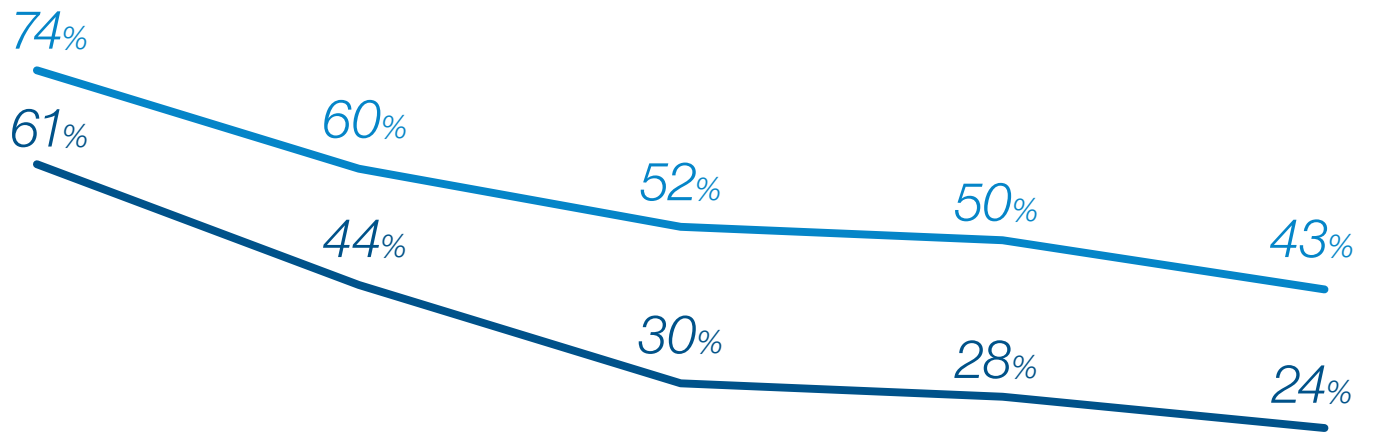


68% of vehicle owners surveyed in January 2021 **relied solely on a personal vehicle** for transportation in the past month **vs. 73% in May and June 2020**

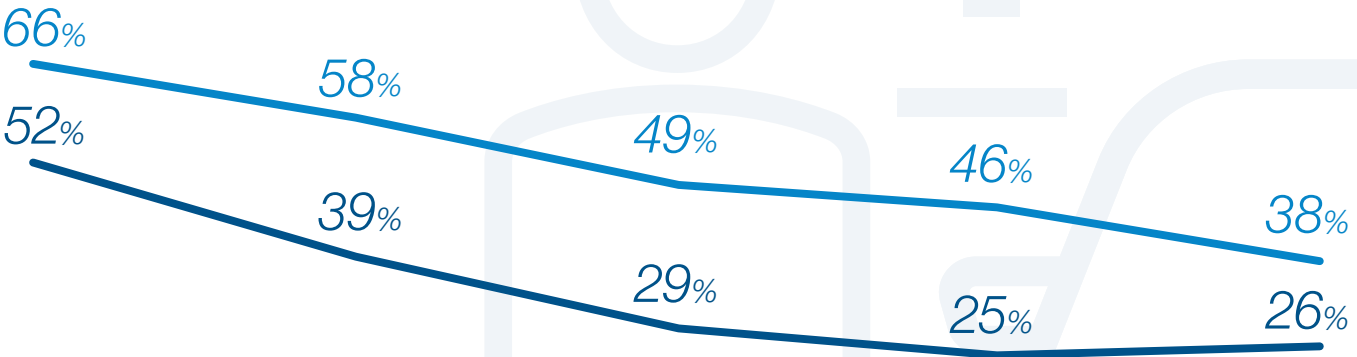
FRANCHISE DEALERS FARED BETTER

In 2020, the pandemic greatly impacted sales and fixed operations for all dealers. However, independents have consistently reported higher declines compared to franchise dealers. And while these declines are improving, it's created a deeper hole for independents to dig out of.

AVERAGE REPORTED SALES DECLINES
(April - October 2020)



AVERAGE REPORTED SERVICE APPOINTMENT DECLINES*
(April - October 2020)



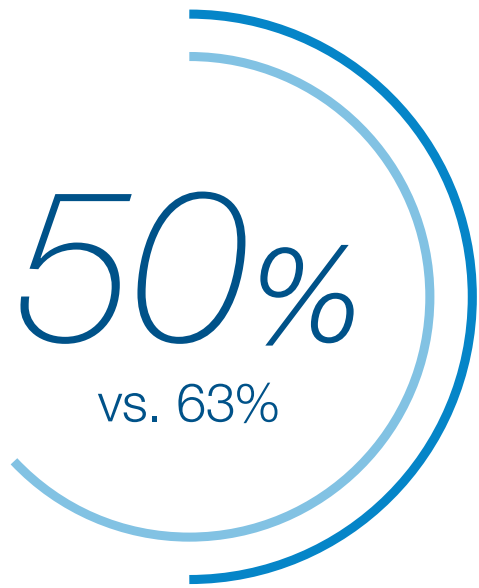
■ Franchise ■ Independent

Source: Cox Automotive COVID-19 Dealer Impact Study *Among dealers with a Service Department

FRANCHISE DEALERS FARED BETTER

To help control expenses, independent dealers drastically reduced staff, more so than franchise dealers, and the majority of the impacts came in the form of permanent layoffs vs. furloughs for franchise dealers.

While 2021 won't be close to normal for dealers, they are optimistic it will be better than 2020. Franchise dealers will continue to fare better than independent dealers at least for now and the foreseeable future.

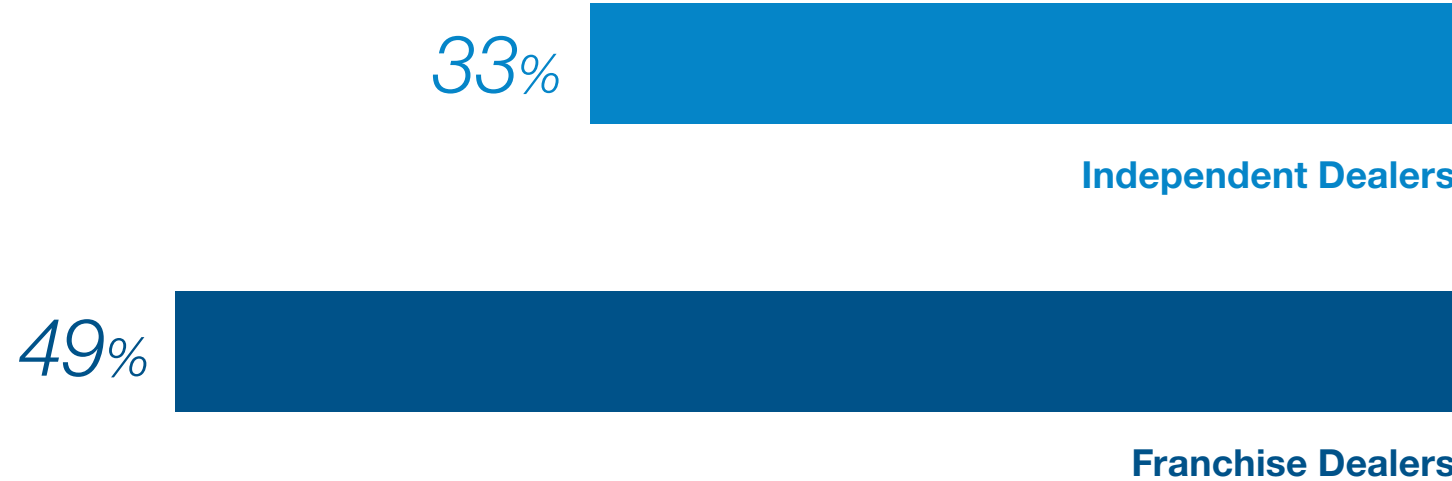


**FRANCHISE:
63% FURLOUGHED
EMPLOYEES**

**INDEPENDENT:
55% LAID OFF
EMPLOYEES**

50% of franchise dealers and 63% of independent dealers **reduced staff in April 2020**¹

DEALERS BELIEVE THEIR DEALERSHIP WILL BE PROFITABLE IN 2021²



¹ Cox Automotive COVID-19 Dealer Impact Study

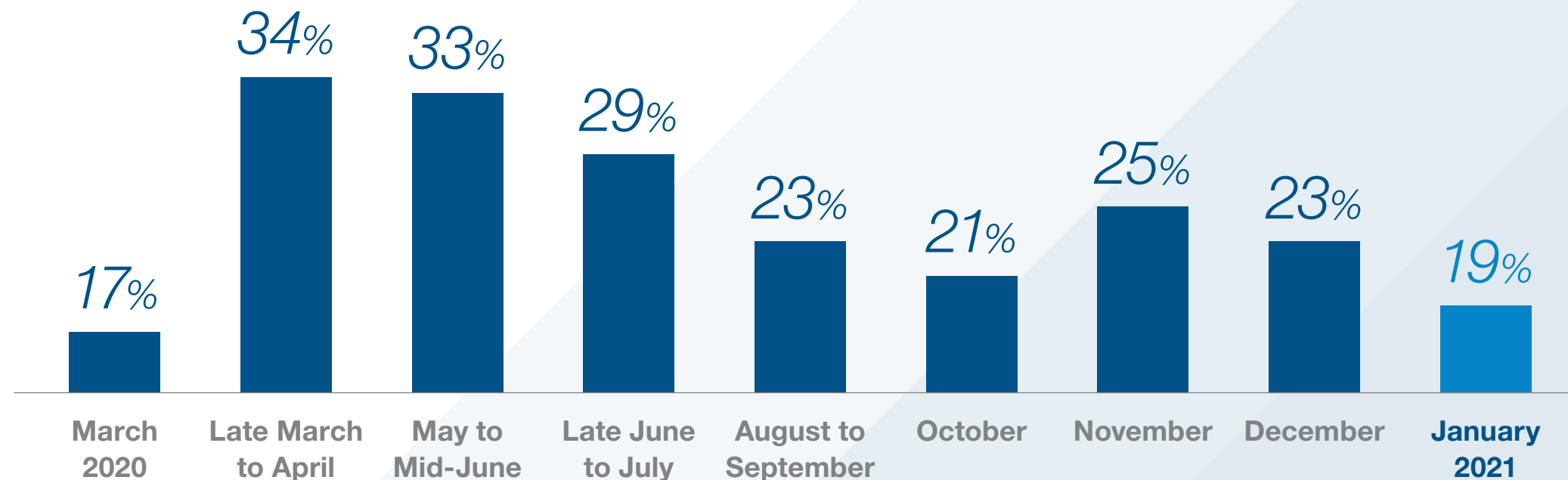
² Cox Automotive 2021 Predictions Study

THE WORST IS BEHIND US

As we start 2021 — almost a year into the pandemic — still **nearly 6 in 10 consumers won't be ready to resume “normal” daily activities for at least another 6 months.**²

But, there is good news on the horizon. We start the year off with the percentage of consumers in market to buy a vehicle back up after dropping amid the onset of the pandemic, and the percentage of shoppers delaying purchase continues to drop. In addition, **1 in 4 consumers plan to increase the number of vehicles they own in 2021.**¹ So while it may feel this way at times, it's safe to say that the future of automotive isn't so dim after all.

PERCENTAGE OF SHOPPERS DELAYING PURCHASE DUE TO COVID-19
(March 2020 - January 2021)



20%

20% of consumers actively shopping in March 2020

March 2020

15%

15% of consumers actively shopping in August 2020

August 2020

18%

18% of consumers actively shopping in January 2021

January 2021

¹ Cox Automotive 2021 Predictions Study ² Cox Automotive COVID-19 Consumer Impact Study