THE STATE OF DEALERSHIP STAFFING

JUNE 2021
About the Study...

Goals: 1) How can dealers effectively recruit and retain employees?  
2) How can dealers optimize their staffing strategy in an increasingly more digital environment?

Online survey conducted February 23 – March 10, 2021

440 Employees at franchise & independent dealerships
- 151 individual contributors
- 127 department managers
- 162 dealership leaders

394 Employees at non-dealership companies
- 147 individual contributors
- 63 department managers
- 147 leaders
- 37 not currently employed, but looking
State of Dealership Staffing

1. Interest in working at dealerships is growing
   - 36% of non-dealer employees are interested in working at a dealership, up from 25% in 2019.
   - 65% of dealers plan to increase the number of employees in 2021.
   - 32% of job seekers not interested in dealership jobs don’t think they have the needed skills.

2. Thriving dealers* adopt a “people-first” approach
   - 65% of dealers ask more of their employees now than in the past.
   - 67% of franchised dealers say motivating/retaining quality employees is a challenge.
   - Top driver of employee engagement is a supportive work environment.

3. Digitization requires an evolved staffing strategy
   - 85% of heavy digital dealers say current staff have taken on new skills or roles.
   - 67% invest in training beyond that provided by their OEM.
   - Automotive experience is not one of the top characteristics sought in new employees.

*Reached higher levels of profitability and efficiency
Interest in Working at Dealerships is Growing
Many Dealerships Will Continue to Grow Headcount

% Dealers Plan to Make Changes to Number of Employees in 2021

- 65% Grow
- 34% No change
- 1% Reduce

Source: 2021 Cox Automotive Dealership Staffing Study
Finding and Hiring the Right Employees Is Top Staffing Challenge

72% of franchise dealers say finding and hiring the right employees is currently a challenge

Source: 2020 Cox Automotive Dealership Thriver Study
There Is Good News!
Interest in Dealership Jobs Is Increasing…

% Interested in Working at Dealership
(among non-dealer employees)

2019: 25%
2021: 36%

Arrows indicate significantly higher/lower than 2019

Source: 2021 Cox Automotive Dealership Staffing Study
Expanding the Number of Service Technicians Is Highest Priority for Dealership Leaders

Top Roles Dealers Plan to Grow in 2021

1. Service Technician (60%)
2. New Vehicle Sales Associate (54%)
3. Used Vehicle Sales Associate (48%)
4. Service Advisor (38%)
5. BDC Specialist (33%)

Source: 2021 Cox Automotive Dealership Staffing Study
Top Barriers to Recruiting for any Dealership Job Include Skills, Pay, & Schedule

64% are not interested in working at a dealership (among non-dealership employees)

Top Reasons Not Interested in Dealership Jobs (among those not interested in working at dealership)

1. I don’t have the necessary skills (32%)
2. Don’t want to be paid on commission (30%)
3. Don’t want to work weekends (29%)
4. It doesn’t pay well (19%)
5. I want to work in a job where I make a difference (19%)

Source: 2021 Cox Automotive Dealership Staffing Study
2

Thriving dealers* adopt a “people-first” approach

*Reached higher levels of profitability and efficiency
Demands Placed on Dealership Employees Have Grown Over Time…

65% of dealers say they ask more of their employees now than they have in the past

Source: 2021 Cox Automotive Dealership Staffing Study
…Making Employee Engagement a Challenge for Many Dealerships

67% of franchised dealers say motivating and retaining quality employees is currently a challenge

Source: 2020 Cox Automotive Dealership Thriver Study
Thriving Dealers Prioritize Employee Satisfaction…

% Franchise Dealers Made Employee Satisfaction as Important as CSI Scores

73% 47%
Thriving Dealers (A)* Other Dealers (B)

*Reached higher levels of profitability and efficiency

Letters indicate significantly higher than the other group
...And Are Seeing Positive Results

% Franchise Dealers Agree Employee Satisfaction Has Been Higher in Recent Months

51%

\[ \text{Thriving Dealers (A)*} \]

24%

\[ \text{Other Dealers (B)} \]

*Reached higher levels of profitability and efficiency

Source: 2020 Cox Automotive Dealership Thriver Study

Letters indicate significantly higher than the other group
How to Create Motivated & Engaged Employees

#1
Top driver of employee engagement is a SUPPORTIVE WORK ENVIRONMENT

Source: 2021 Cox Automotive Dealership Staffing Study

% Dealer Employees “environment supports my ability to be successful”

- Leaders (A): 85%
- Managers (B): 72%
- Individual Contributors (C): 64%

Arrows indicate significantly higher/lower than 2019. Letters indicate significantly higher than the other group.
A Supportive Work Environment Includes Five Elements

#1 Career Development
#2 Communication
#3 Appreciation
#4 Shared Values
#5 Diversity & Inclusion

Source: 2021 Cox Automotive Dealership Staffing Study
Providing Advancement Opportunities Is Key to Reducing Staff Turnover (Especially Among Individual Contributors)

~1 in 3 dealer leaders rate their organization LOW on ensuring all of their employees have opportunities for advancement

Top Reasons Dealership Employees Consider Looking for a New Job

1. Better Pay (48%)
2. More advancement opportunities (28%)
3. Better work-life balance (26%)

“Advancement opportunities” is significantly higher for individual contributors at 39%
Element #2: Communication

Better Communication Is Key to Building Trust Between Individual Contributors & Leaders

36% of individual contributors rate their dealership LOW on informing them about things that are relevant (vs 24% of Managers & 19% of Leaders)

42% of individual contributors rate their dealership LOW on listening to their ideas and opinions (vs. 25% of Managers & 12% of Leaders)

3X more likely

Individual contributors at dealerships who are listened to & kept informed are nearly 3x more likely to trust their leaders

Source: 2021 Cox Automotive Dealership Staffing Study
Element #3: Appreciation

Leaders Are Not as Good at Showing Appreciation as They Think They Are

My Dealership Shows Appreciation for Efforts & Contribution

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders (A)</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Staff Members (B)</td>
<td>63%</td>
<td>61%</td>
</tr>
</tbody>
</table>

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My Dealership Shows Satisfactory Recognition for Accomplishments

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders (A)</td>
<td>58%</td>
<td>76%</td>
</tr>
<tr>
<td>Staff Members (B)</td>
<td>59%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Source: 2021 Cox Automotive Dealership Staffing Study

Research & Market Intelligence

Cox Automotive
Most Dealership Employees Are Proud to Work for Their Organization and Feel It Is Headed in the Right Direction

### % Employees Proud to Work For Their Organization

<table>
<thead>
<tr>
<th>Dealership Employees (A)</th>
<th>Other Employees* (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders</td>
<td>90% B</td>
</tr>
<tr>
<td>87% B</td>
<td></td>
</tr>
<tr>
<td>75% B</td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td>77%</td>
</tr>
<tr>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>Individuals</td>
<td></td>
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</table>

*Employees who work for companies in other industries

### % Dealer Employees

My Company Is Headed in the Right Direction

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<th>2019</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders (A)</td>
<td>72%</td>
<td>82%</td>
</tr>
<tr>
<td>Managers (B)</td>
<td>79%</td>
<td>79%</td>
</tr>
<tr>
<td>Individual Contributors (C)</td>
<td>63%</td>
<td>72%</td>
</tr>
</tbody>
</table>

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Element #5: Diversity & Inclusion

While Many Dealers Attempt to Improve Diversity, They Struggle to Grow the Number of Minority and Women Employees

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<tr>
<th></th>
<th>2019</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Dealership Employees Who Are MINORITIES</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>% Dealership Employees Who Are WOMEN</td>
<td>34%</td>
<td>30%</td>
</tr>
</tbody>
</table>

76% of dealers say efforts are made to ensure our staff reflects the diversity of our local community.
Digitization requires an evolved staffing strategy
1 in 3 Dealers Have Adapted to a More Digital Environment

Vehicle Purchase Experience (among Heavy Digital Dealers)

50%+ offer these steps online:
- Apply for credit and financing
- Payment calculator
- Receive a trade-in offer
- Find information on incentives
- Notify qualified for financing
- Finalize the purchase price
- Select F&I add-ons

20%+ started offering these steps online in the past year:
- Vehicle delivery
- Review & sign final paperwork

40%+ are starting to offer the following:
- Test drive delivery
- Sight unseen appraisals
- At-home appraisals

Vehicle Service Experience (among Heavy Digital Dealers)

50%+ offer the following:
- Schedule service online
- Text/Email quote approval

20%+ started offering the following in the past year:
- Service pick-up/delivery

50%+ have no plans to offer mobile / remote service in the future

Source: 2021 Cox Automotive Dealership Staffing Study
Digitization Requires Evolving Roles & Responsibilities…

Heavy Digital Dealers Made the Following Changes Since Increasing Their Digitization…

- Existing **job roles** have changed to include additional duties (52%)
- Recognize **new skills are needed** for new ways of doing business (50%)
- Recognize **training and education is needed** for new ways of doing business (50%)

Only 15% added new job roles & 17% eliminated job roles
...And Leaders Are Expecting Current Employees to Adapt

85% say current staff have taken on the new skills or roles that are required

% Heavy Digital Dealers

Source: 2021 Cox Automotive Dealership Staffing Study
Many Leaders Are Investing in Training Programs to Help

invest in training beyond that provided by their OEM

% Heavy Digital Dealers

67%

Most Popular Training Enhancements

- Online/Digital Tools
- Communication Skills

“Ability to communicate via text and messenger type apps. Ultimately, the ability to better communicate with customers when they are not directly in front of you.”
Heavy Digital Buyers Plan to Grow Headcount in 2021

% Dealers Plan to Grow Headcount in 2021

- **Heavy Digital Dealers (A):** 74%
- **Other Dealers (B):** 58%

% Plan to Grow Role in 2021

<table>
<thead>
<tr>
<th>Role</th>
<th>Heavy Digital Dealer (A)</th>
<th>Other Dealer (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service technicians</td>
<td>66%</td>
<td>55%</td>
</tr>
<tr>
<td>New car sales associate</td>
<td>59%</td>
<td>47%</td>
</tr>
<tr>
<td>Used car sales associate</td>
<td>53%</td>
<td>43%</td>
</tr>
<tr>
<td>BDC specialists</td>
<td><strong>41%</strong></td>
<td>26%</td>
</tr>
<tr>
<td>Service advisors</td>
<td>39%</td>
<td>37%</td>
</tr>
<tr>
<td>Internet sales associate</td>
<td>33%</td>
<td>27%</td>
</tr>
<tr>
<td>F&amp;I managers</td>
<td>27%</td>
<td>26%</td>
</tr>
</tbody>
</table>

= Largest gap between Heavy Digital & Other

Letters indicate significantly higher than the other group

Source: 2021 Cox Automotive Dealership Staffing Study
The Right Employee Doesn’t Need to Have Automotive Experience

Top Characteristics Heavy Digital Dealers Seek in New Employees:

✓ Willing to go above and beyond their specific job responsibilities

✓ Good communicator across all communication channels (verbal, written, video etc.)

✓ Can easily adapt to a quickly changing work environment

✓ Tech savvy / comfortable with learning new technology

Source: 2021 Cox Automotive Dealership Staffing Study
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