

A man in a dark suit, white shirt, and blue tie is sitting at a desk, looking down at a smartphone he is holding with both hands. The background is a blurred office environment with windows and a desk lamp. The overall color palette is dark with green accents.

# DEALER SENTIMENT INDEX

FIRST QUARTER 2022

Cox  
AUTOMOTIVE™

Research & Market Intelligence

## A Unique Market Drives Optimism

---

### Background

- ✓ Data for the Cox Automotive Dealer Sentiment Index (CADSI) is gathered via a quarterly online survey of franchised and independent auto dealers.
- ✓ Dealer responses are weighted by dealership type and volume of sales to closely reflect the national dealer population. Data is used to calculate an index wherein a number over 50 indicates more dealers view conditions as strong or positive rather than weak or negative.
- ✓ The Q1 2022 CADSI is based on 1,146 U.S. auto dealer respondents, comprising 591 franchised dealers and 555 independents. The survey was conducted from January 24<sup>th</sup> to February 7<sup>th</sup>, 2022.
- ✓ The next quarterly report will be released in June 2022. The CADSI was first published in Q2 2017.

# Key Takeaways

U.S. automobile dealer sentiment in Q1 softened as the overall current market index decreased to 57 from 60, the third consecutive quarter-over-quarter decline in market sentiment. Still, at 57, the current market index remains above the positive threshold in the latest Cox Automotive Dealer Sentiment Index (CADSI).

“As we enter the spring market, we can see the small green shoots of optimism from the U.S. auto dealers,” said Cox Automotive Chief Economist Jonathan Smoke. “Views of the economy weakened modestly, but dealer profits are still strong and demand remains robust. Those are good signs for the industry.”

The key drivers of sentiment saw marginal shifts in Q1. The 3-month, forward-looking market outlook index rose modestly from the previous quarter, while the profit index saw only a small decline to 54, down from 57. The profit index remains well higher

than at any point prior to the COVID-19 pandemic. The price pressure index, likewise, increased slightly in Q1, but remains historically low, indicating fewer dealers feel pressure to lower their prices.

One positive sign in the latest CADSI report is a notable jump in the new-vehicle inventory index for franchised dealers. While still historically low at 25, the index increased by 11 points and marked the highest score since the first quarter of 2021. The index for the new-vehicle inventory mix also increased quarter over quarter.

“Inventory issues have been the biggest concern for dealers for more than six months now,” added Smoke. “In our latest study, inventory remains a top priority, but the initial signs of a recovery are there. And that is a positive for the market.”

On the used-vehicle side, the inventory index jumped up in Q1 2022 as well, reaching 36, the highest score in the past

12 months. However, all index scores associated with inventory remain well below the 50 threshold, indicating dealers are still facing inventory challenges.

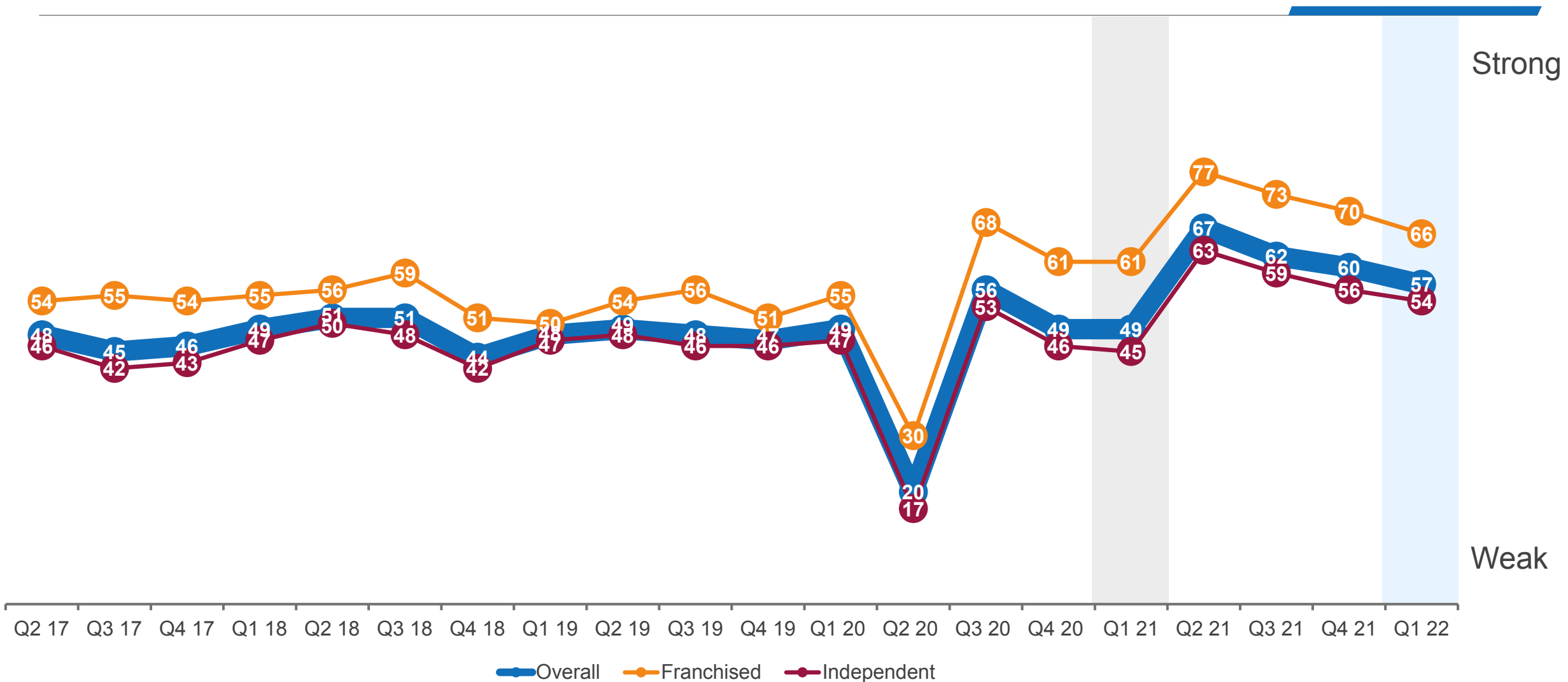
The view of new-vehicle sales improved for the first time in two quarters, increasing from 45 to exactly at 50, meaning dealers are now evenly mixed on their opinions of new-vehicle sales. The used-vehicle sales index, on the other hand, fell one index point to 52.

While profits remain historically strong for dealers, a lack of inventory continues to weigh heavily. Overall, Limited Inventory continues to be the top factor holding back business. The factors saw little change from last quarter, with the top four factors unchanged from Q4 2021—Limited Inventory, Market Conditions, Economy and COVID-19. In Q1 2022, Political Climate dropped out of the top five, replaced by Expenses.

Q1: How would you describe the current market for vehicles in the areas where you operate?

# Dealer Sentiment Index

FIRST QUARTER 2022

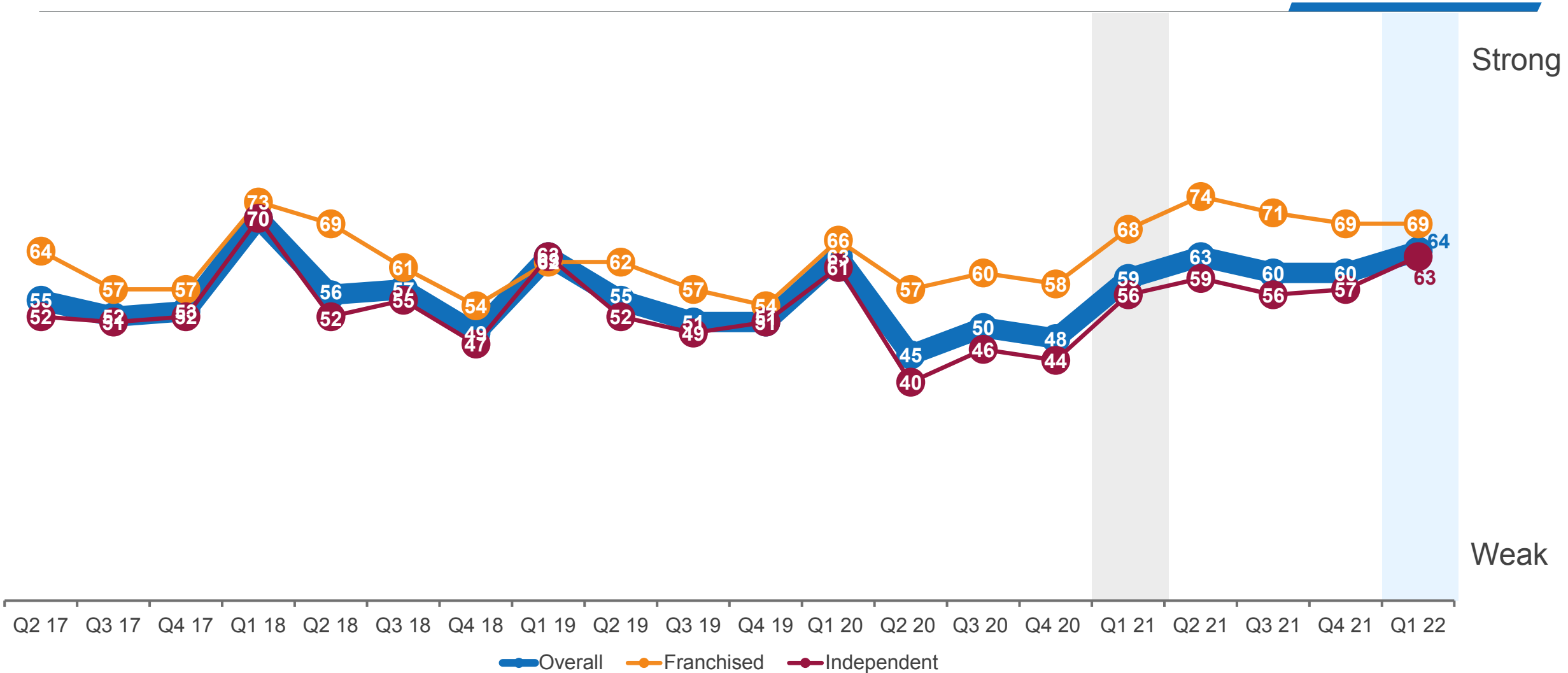


Note: Scale 1 - 100

Q2: What do you expect the market for vehicles in your area to look like 3 months from now?

# Dealer Sentiment Index

FIRST QUARTER 2022

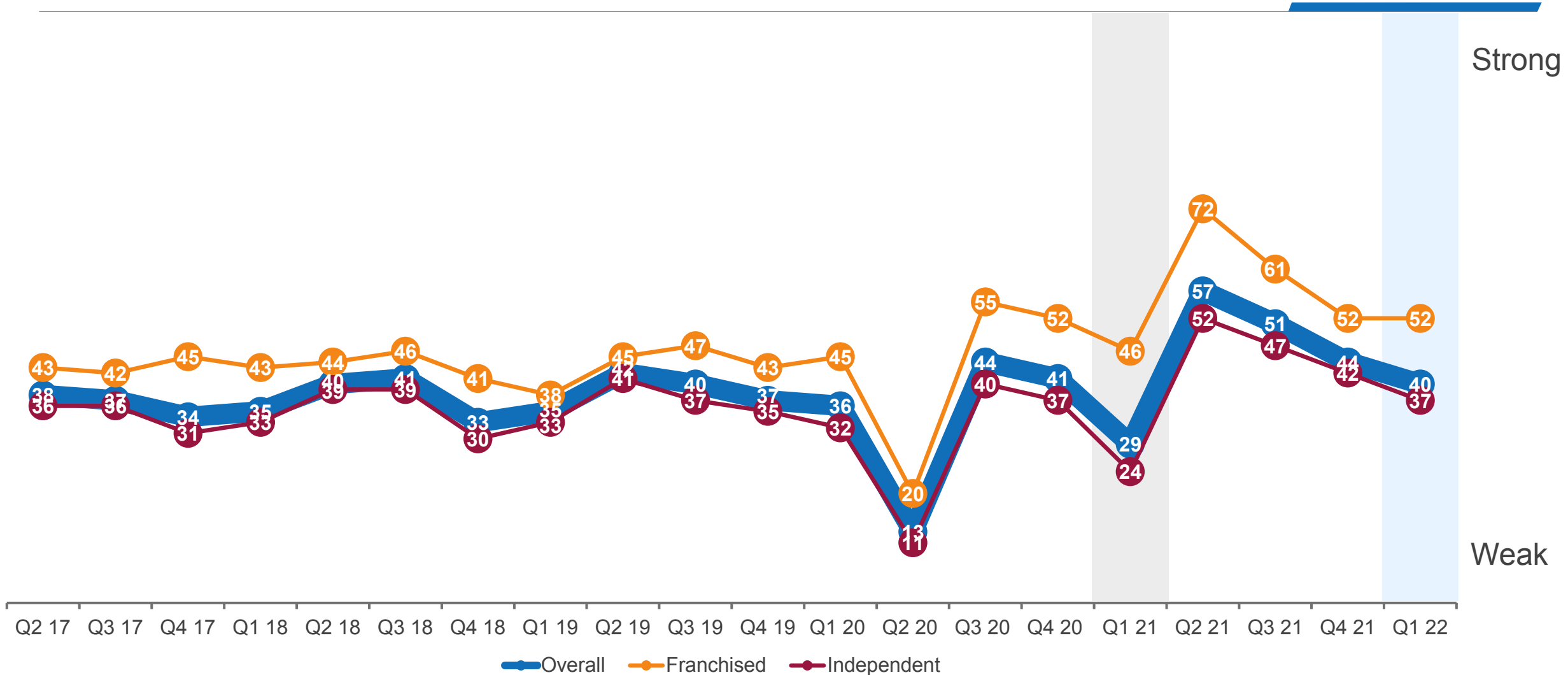


Note: Scale 1 - 100

Q3: How do you rate the customer traffic to your dealership over the past 3 months?

# Dealer Sentiment Index

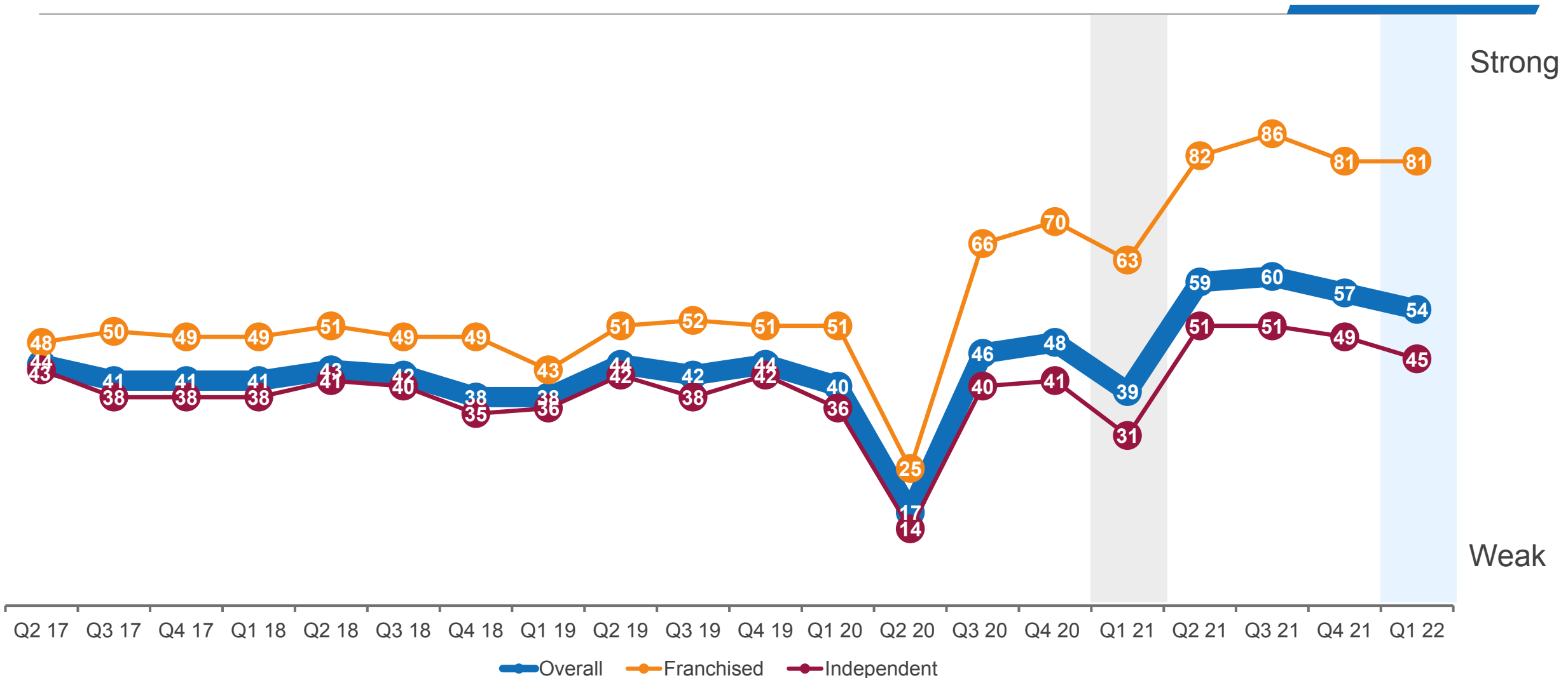
FIRST QUARTER 2022



Note: Scale 1 - 100

# Q4: How would you describe your profits over the past 3 months?

## Dealer Sentiment Index FIRST QUARTER 2022

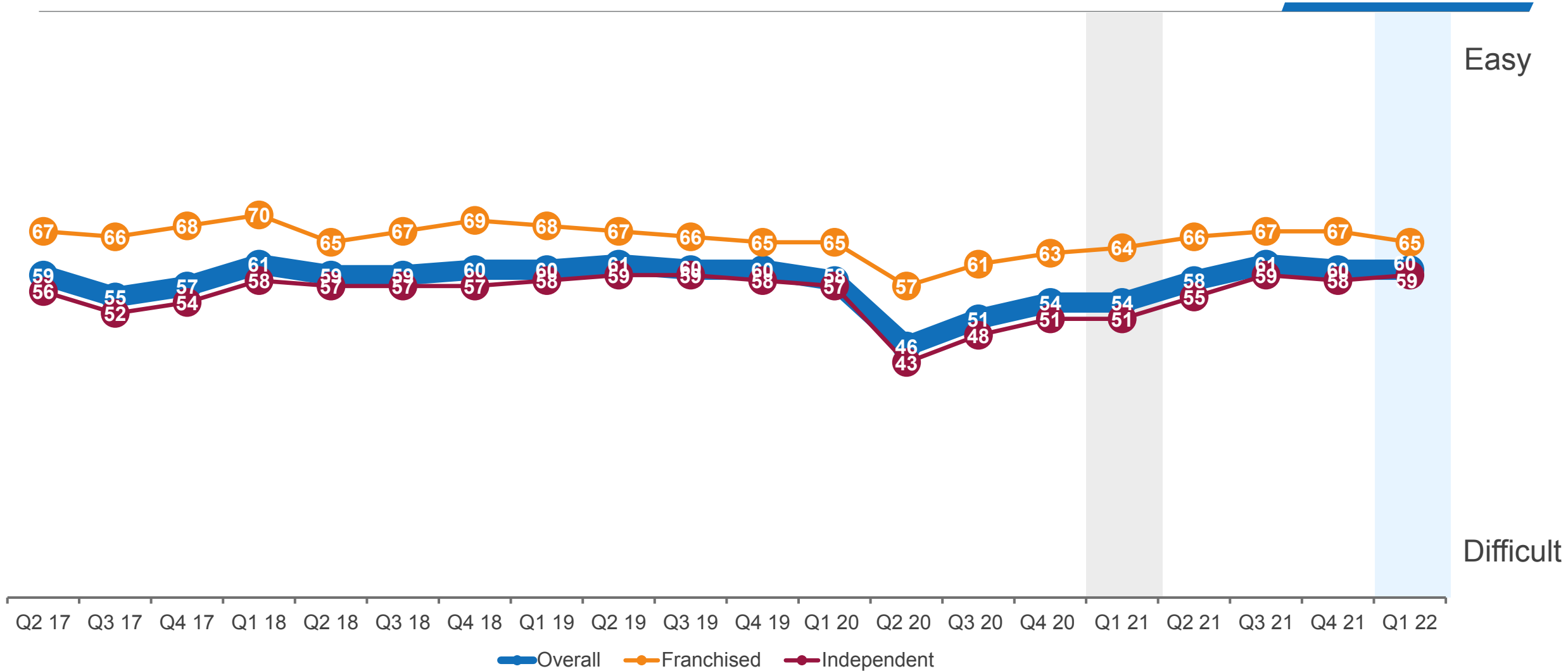


Note: Scale 1 - 100

Q5: How would you describe your ability to get credit to operate your business over the past 3 months?

# Dealer Sentiment Index

FIRST QUARTER 2022



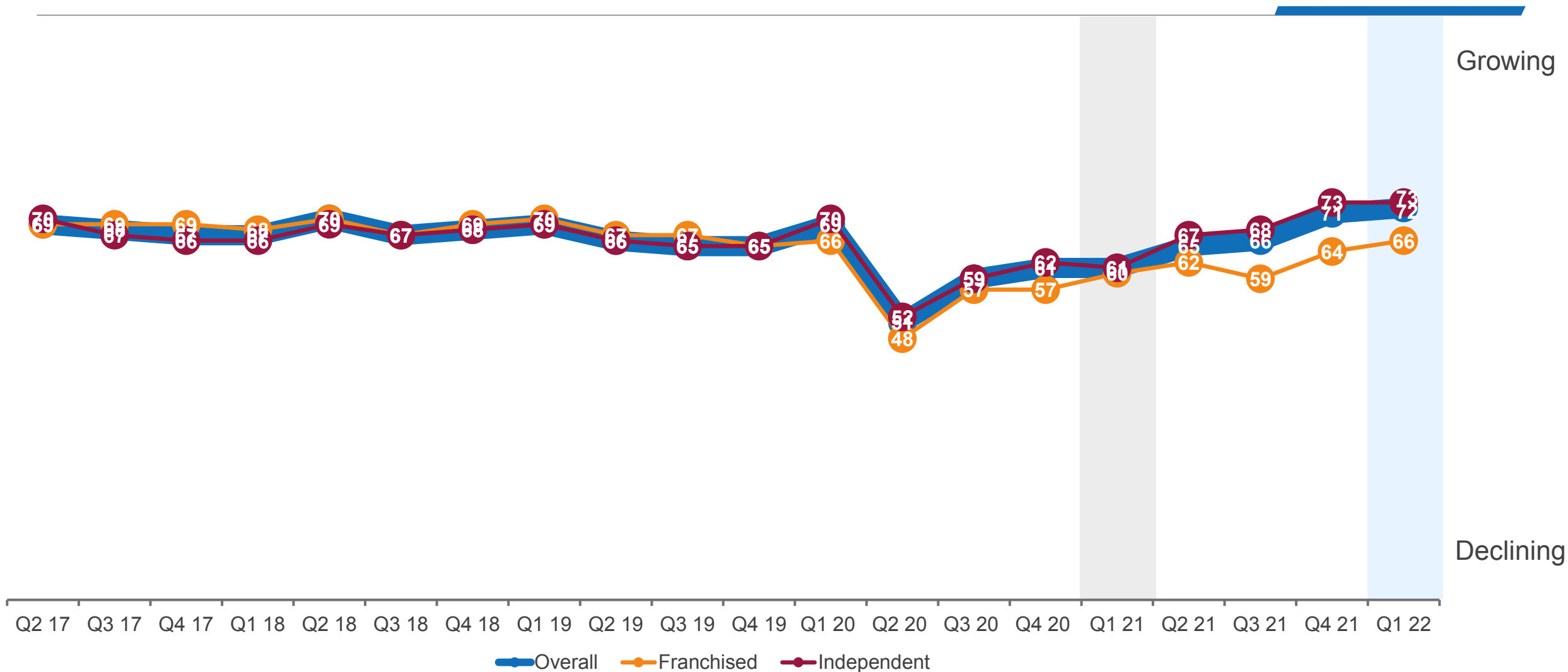
Note: Scale 1 - 100



Q6: How would you describe the cost of running your dealership over the past 3 months?

# Dealer Sentiment Index

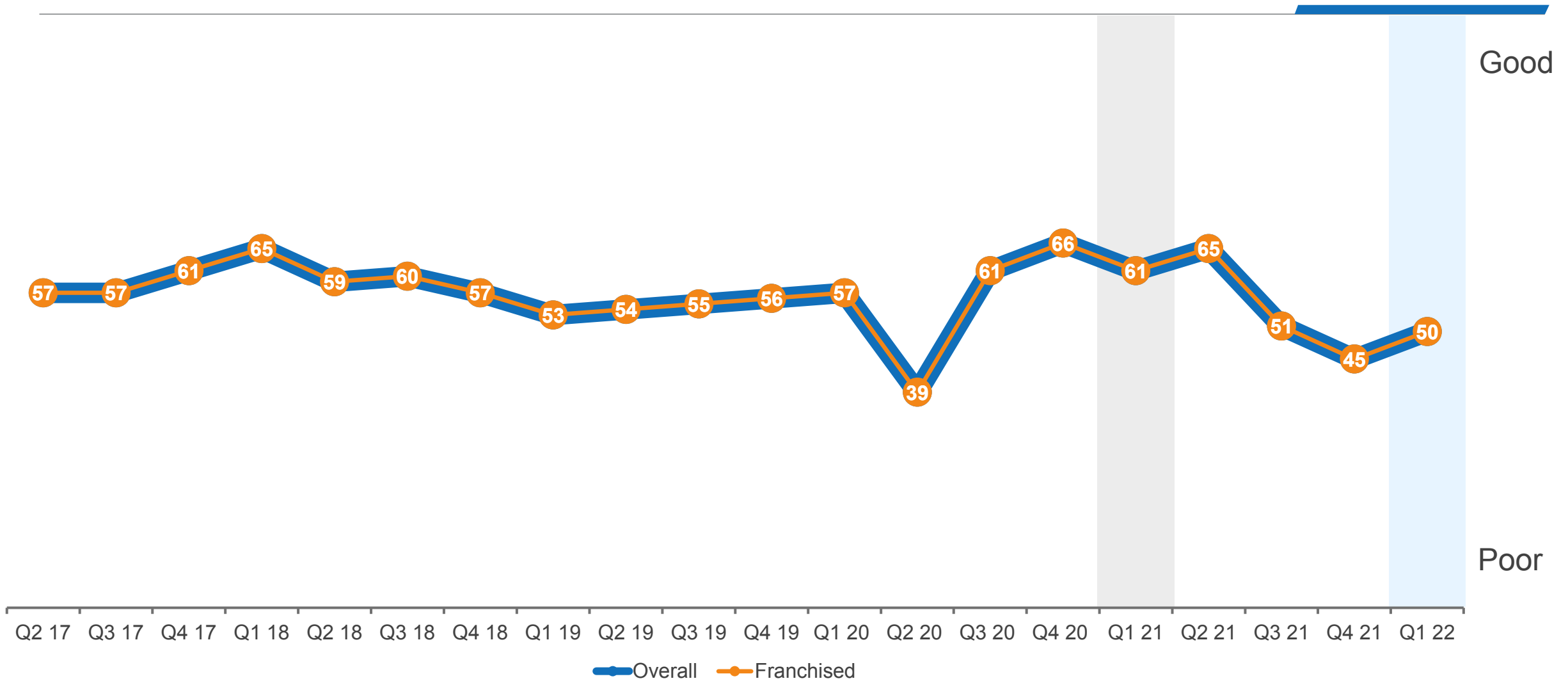
FIRST QUARTER 2022



Note: Scale 1 - 100

# Q7: How would you describe the current new-vehicle sales environment?

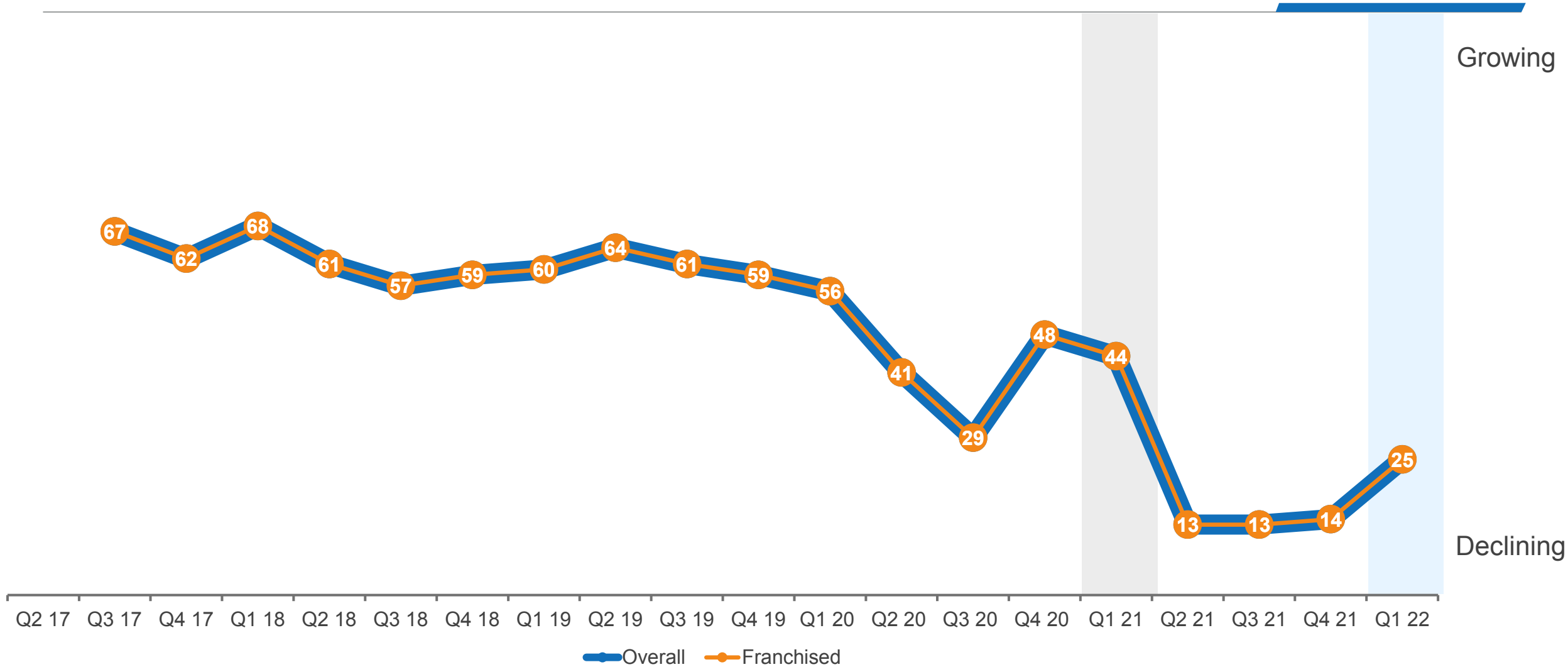
## Dealer Sentiment Index FIRST QUARTER 2022



Note: Scale 1 - 100

# Q8: How would you describe the current new-vehicle inventory levels?

## Dealer Sentiment Index FIRST QUARTER 2022



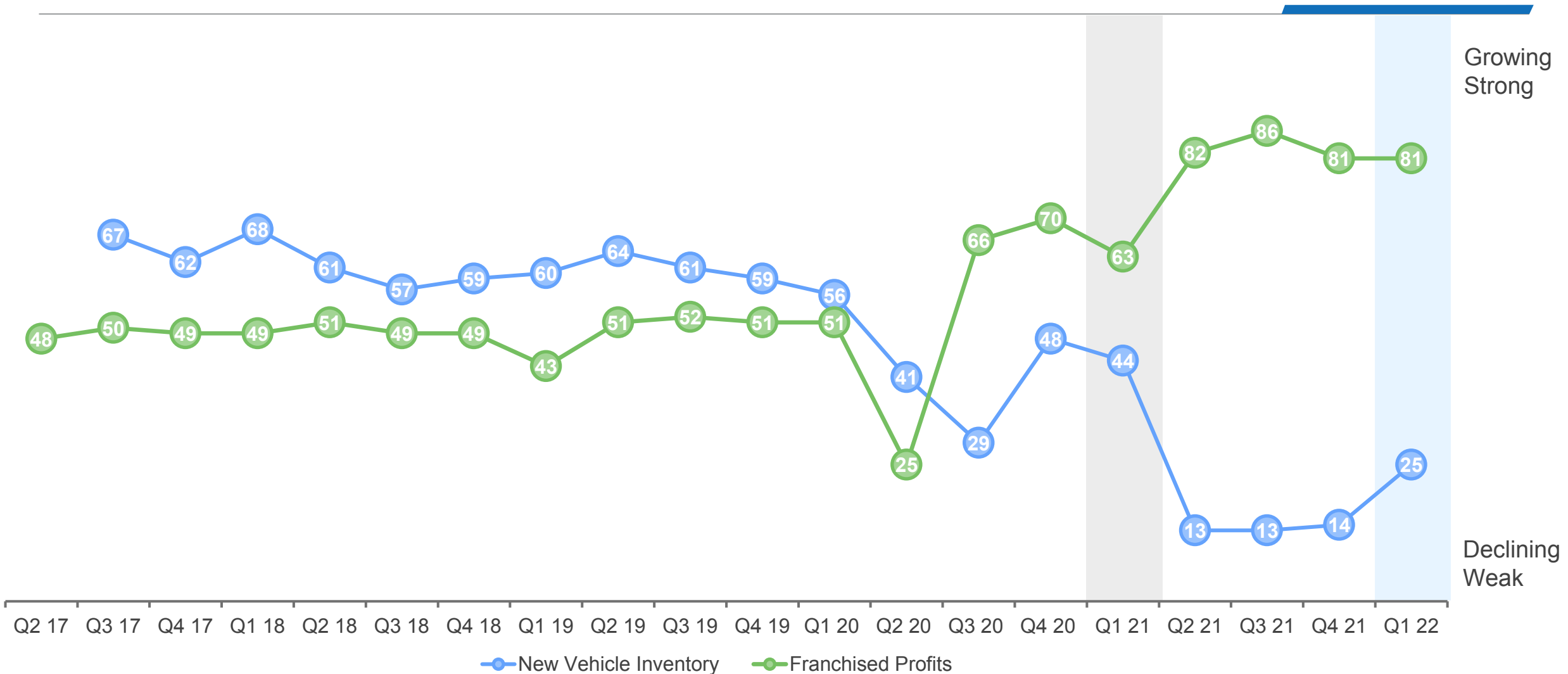
Note: Scale 1 - 100

# Inventory/Profits

Q4: How would you describe your profits over the past 3 months?  
 Q8: How would you describe the current new-vehicle inventory levels?

# Dealer Sentiment Index

FIRST QUARTER 2022

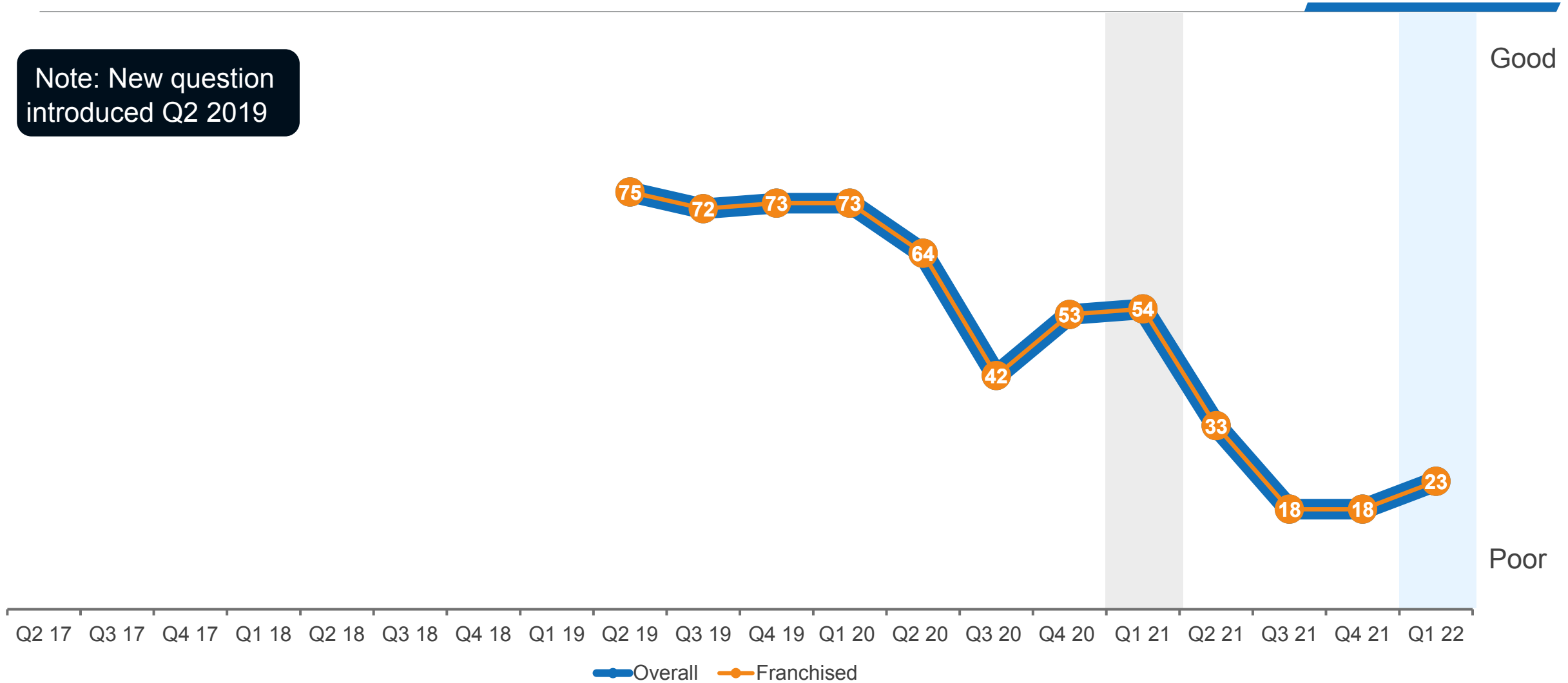


Note: Scale 1 - 100

# Q9: How would you describe the current new-vehicle inventory mix?

## Dealer Sentiment Index FIRST QUARTER 2022

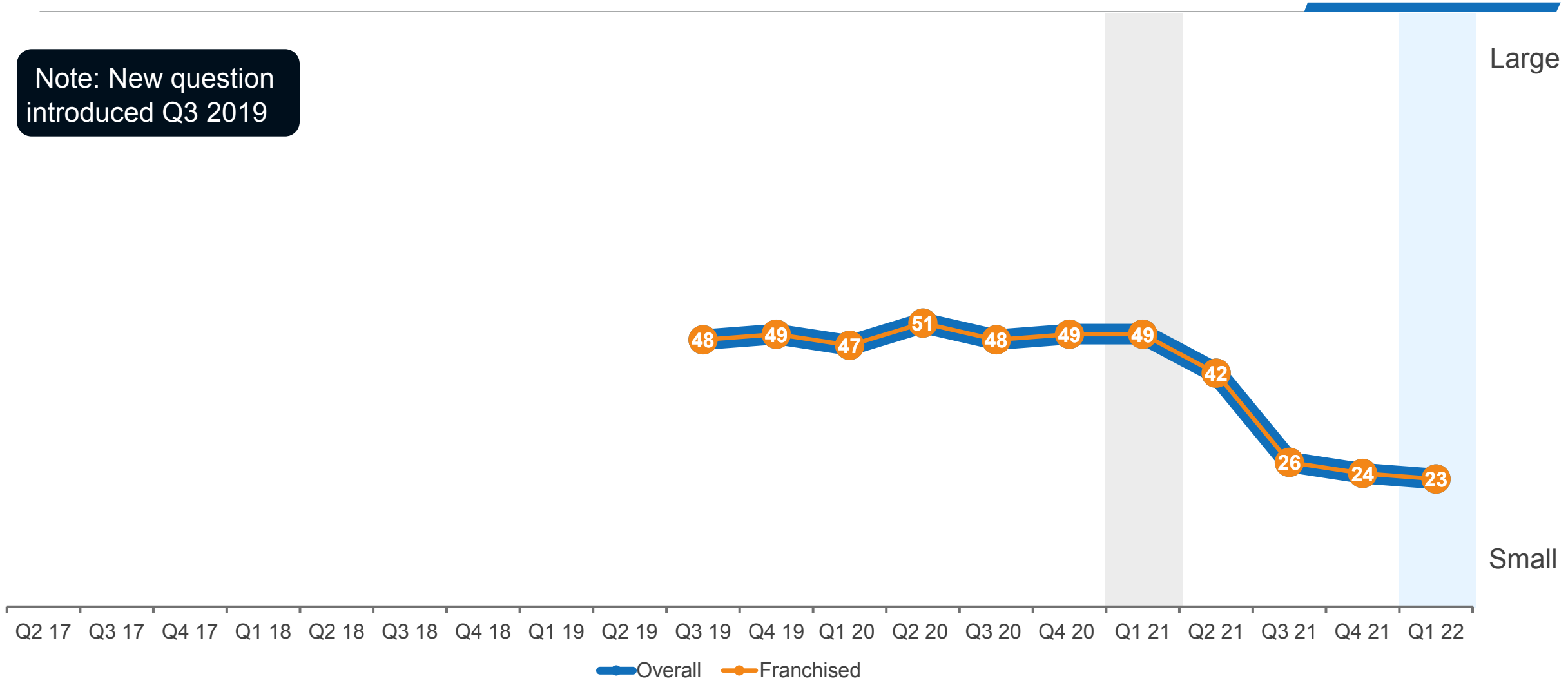
Note: New question introduced Q2 2019



Note: Scale 1 - 100

# Q10: How would you describe the current level of OEM new-vehicle incentives?

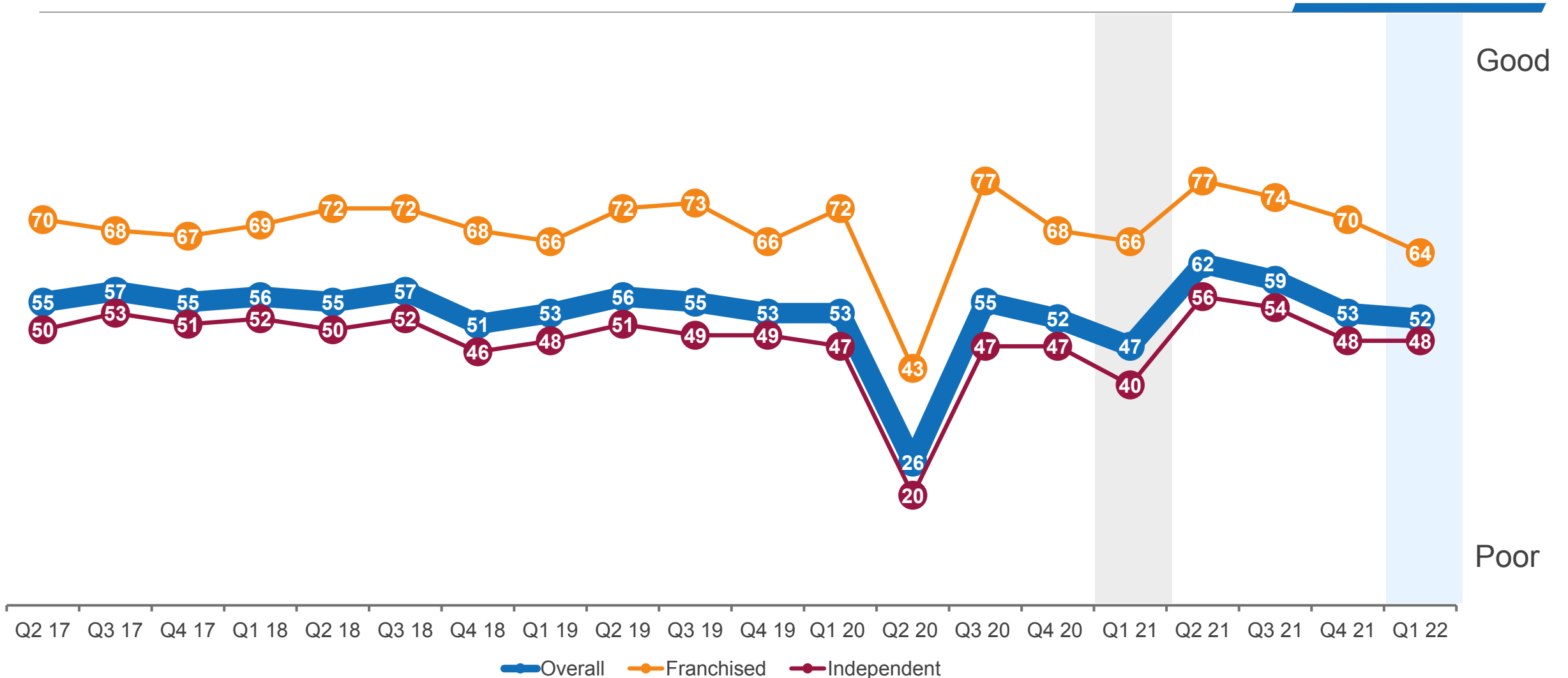
Note: New question introduced Q3 2019



Note: Scale 1 - 100

# Q11: How would you describe the current used-vehicle sales environment?

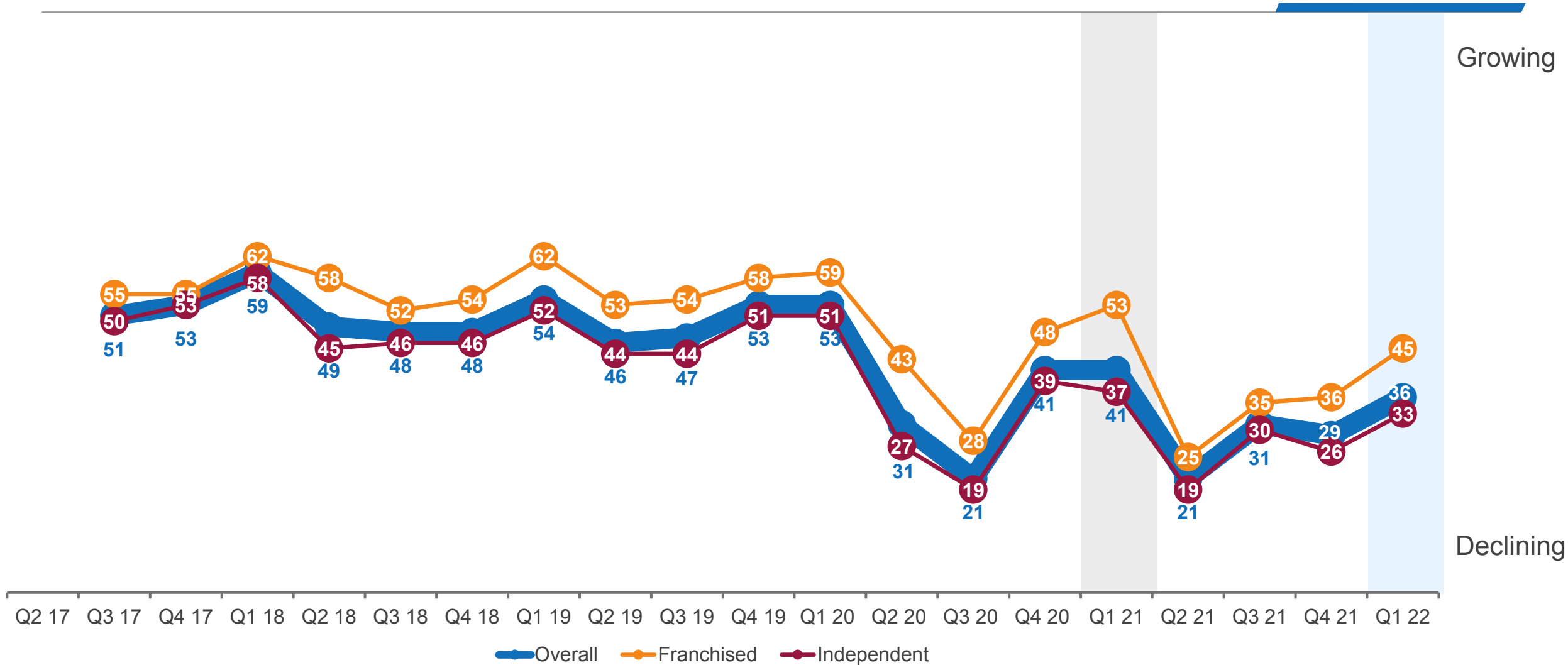
## Dealer Sentiment Index FIRST QUARTER 2022



Note: Scale 1 - 100

# Q12: How would you describe the current used-vehicle inventory levels?

## Dealer Sentiment Index FIRST QUARTER 2022



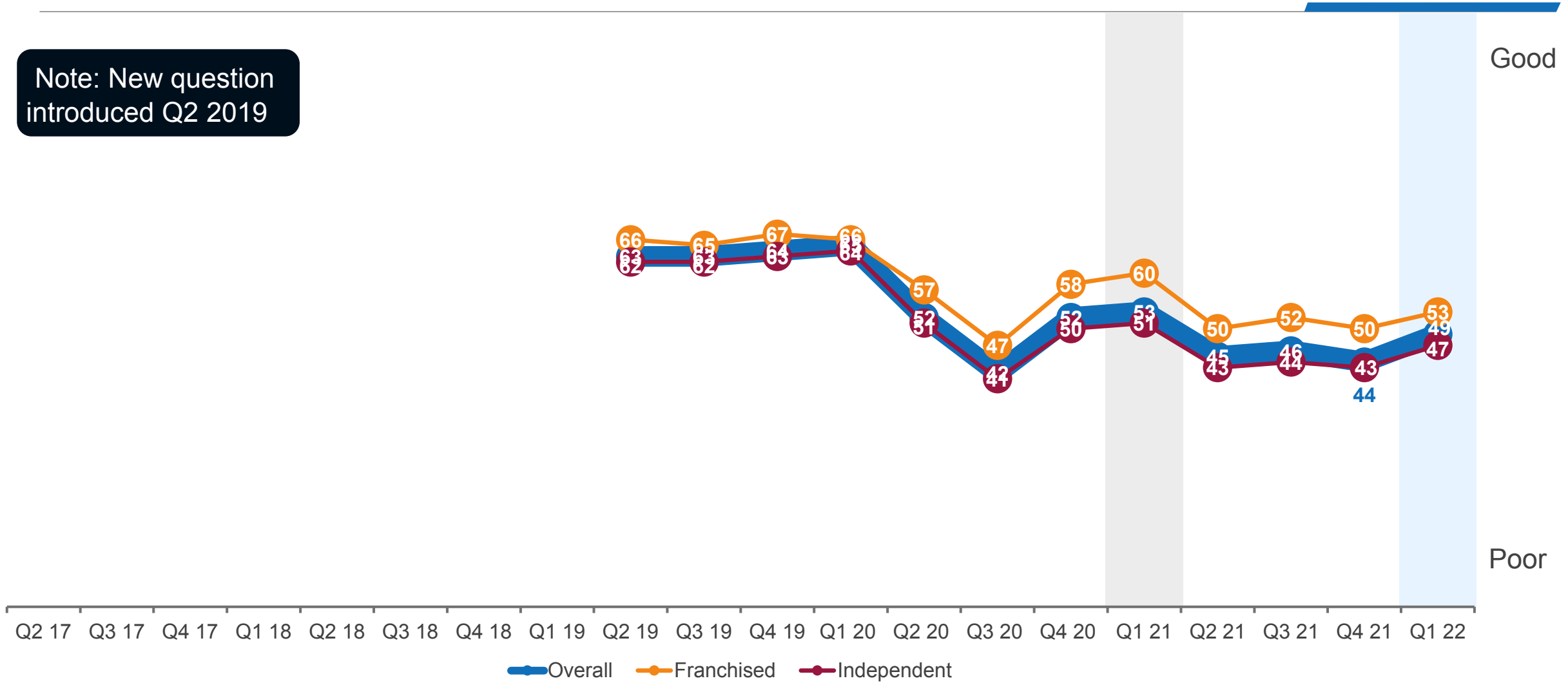
Note: Scale 1 - 100



# Q13: How would you describe the current used-vehicle inventory mix?

## Dealer Sentiment Index FIRST QUARTER 2022

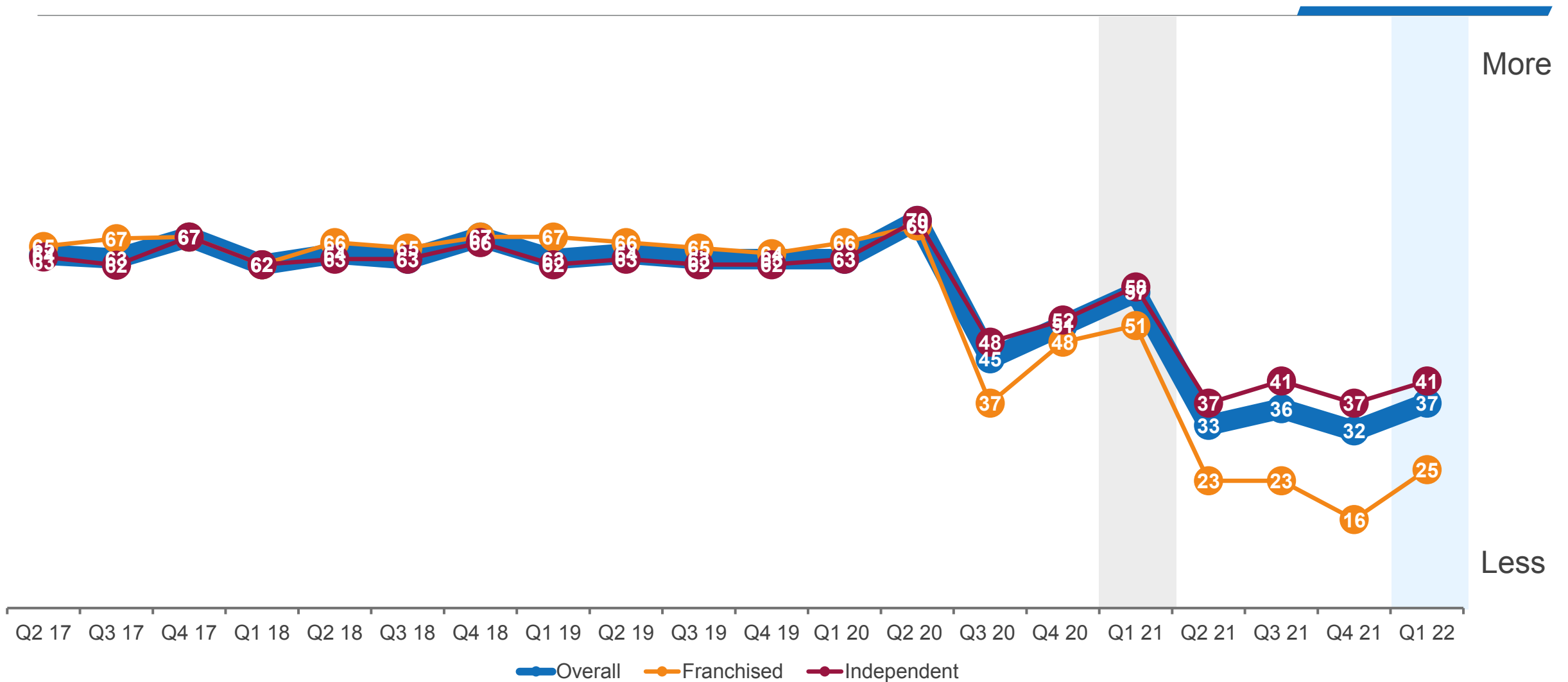
Note: New question introduced Q2 2019



Note: Scale 1 - 100

# Q14: How much pressure do you feel to lower your prices?

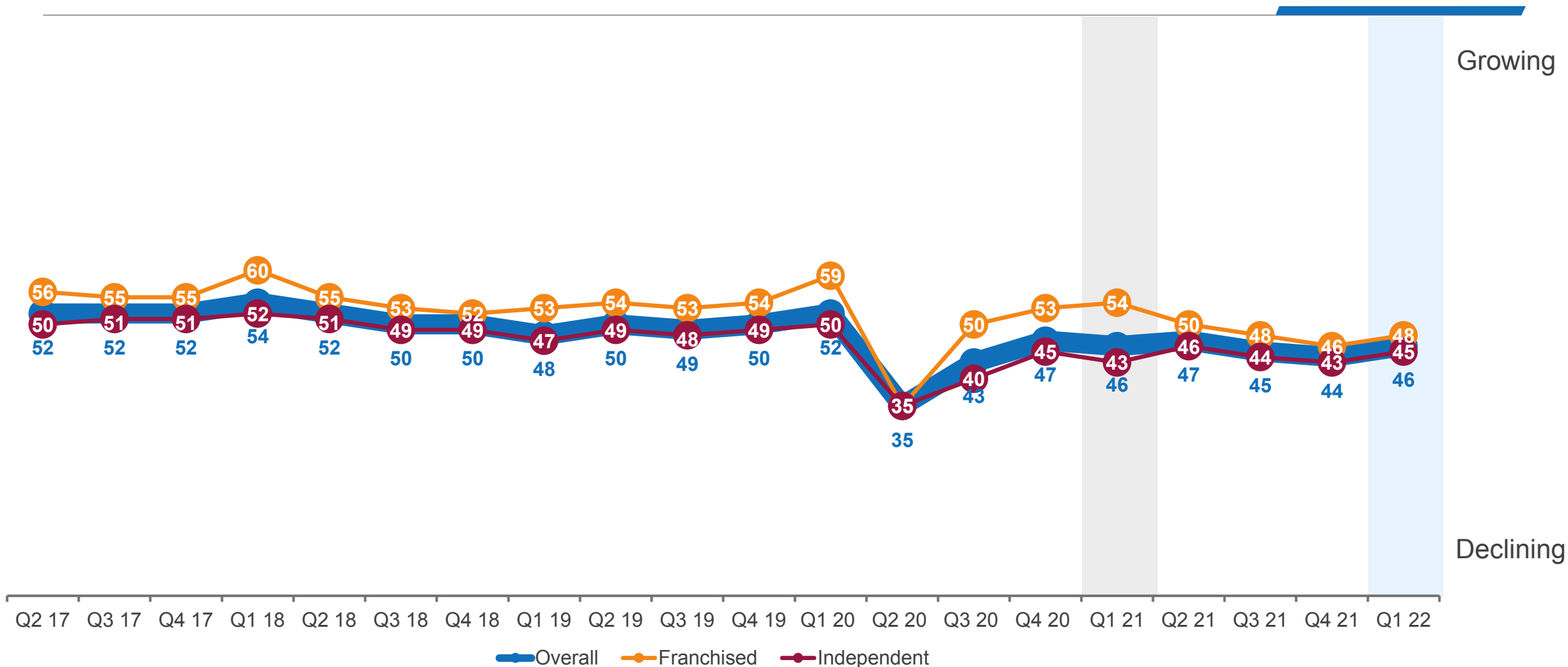
## Dealer Sentiment Index FIRST QUARTER 2022



Note: Scale 1 - 100

# Q15: How would you describe your dealership's current staffing levels?

## Dealer Sentiment Index FIRST QUARTER 2022

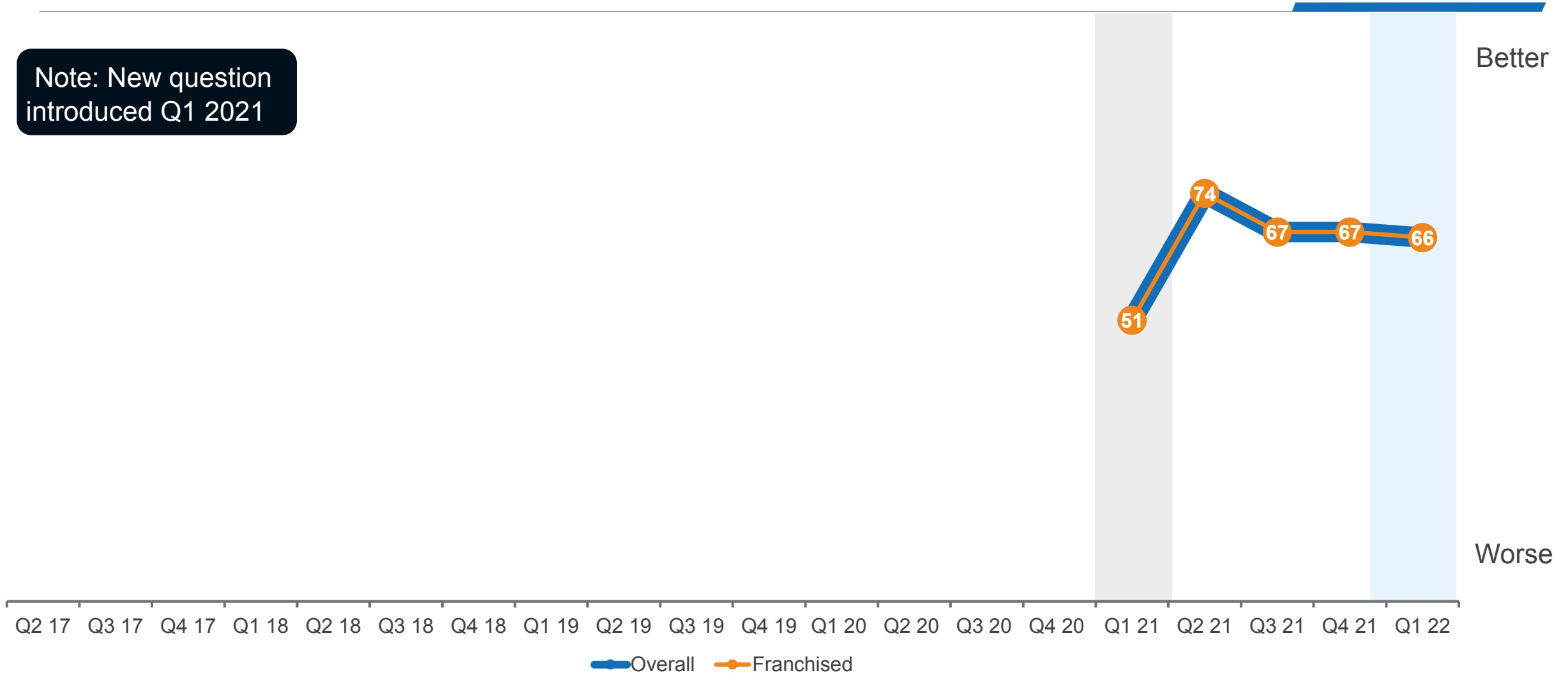


Note: Scale 1 - 100

# Q16: How would you describe the current level of business in your fixed operation?

## Dealer Sentiment Index FIRST QUARTER 2022

Note: New question introduced Q1 2021

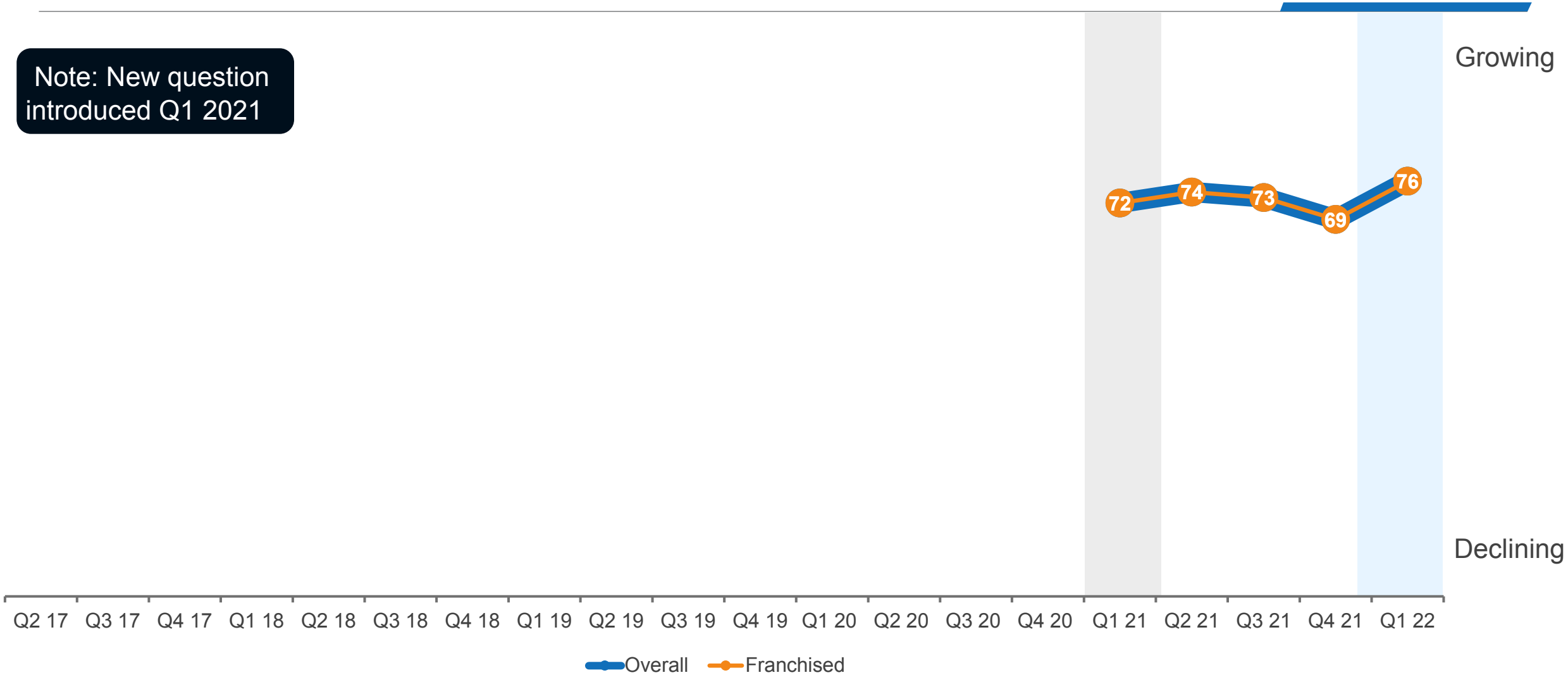


Note: Scale 1 - 100

# Q17: How would you describe the future opportunity with your fixed operations business?

## Dealer Sentiment Index FIRST QUARTER 2022

Note: New question introduced Q1 2021

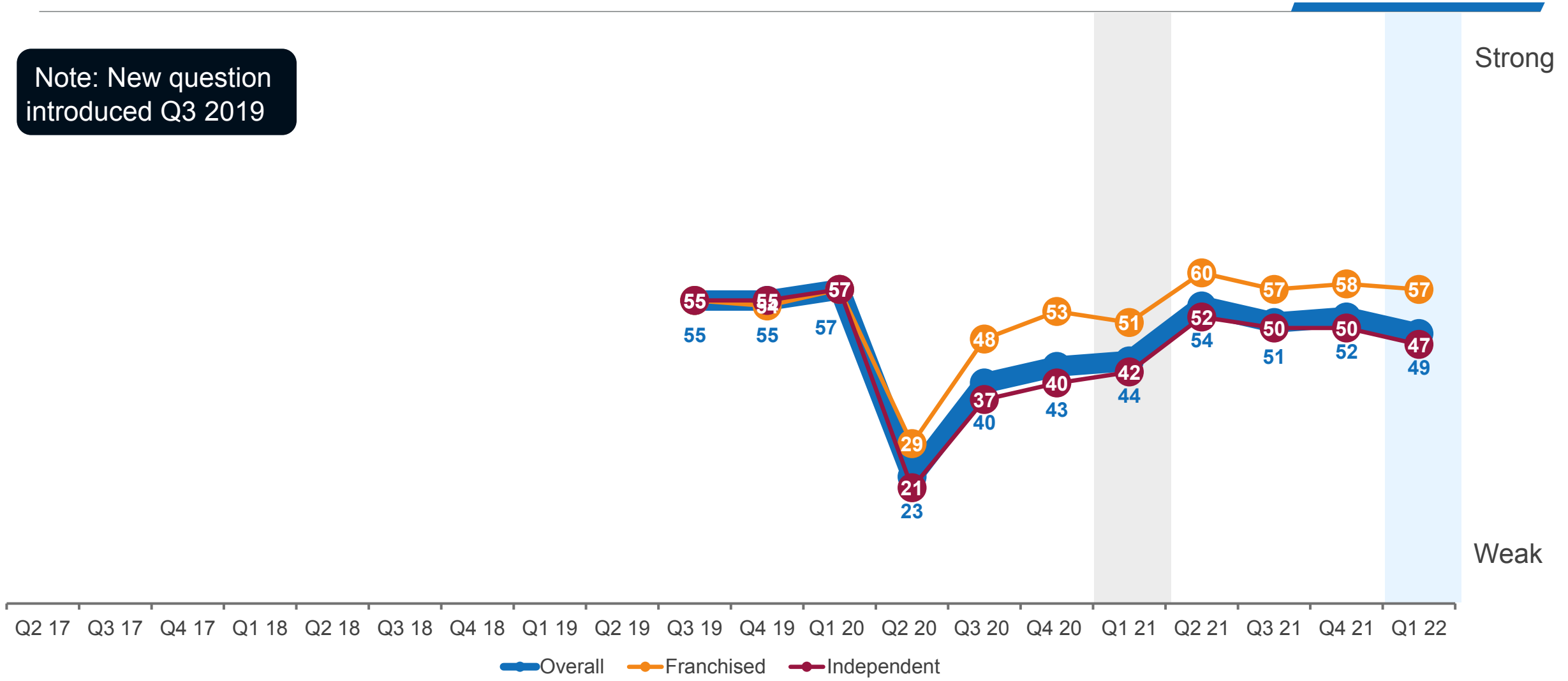


Note: Scale 1 - 100

# Q18: How would you describe the current U.S. economy?

## Dealer Sentiment Index FIRST QUARTER 2022

Note: New question introduced Q3 2019

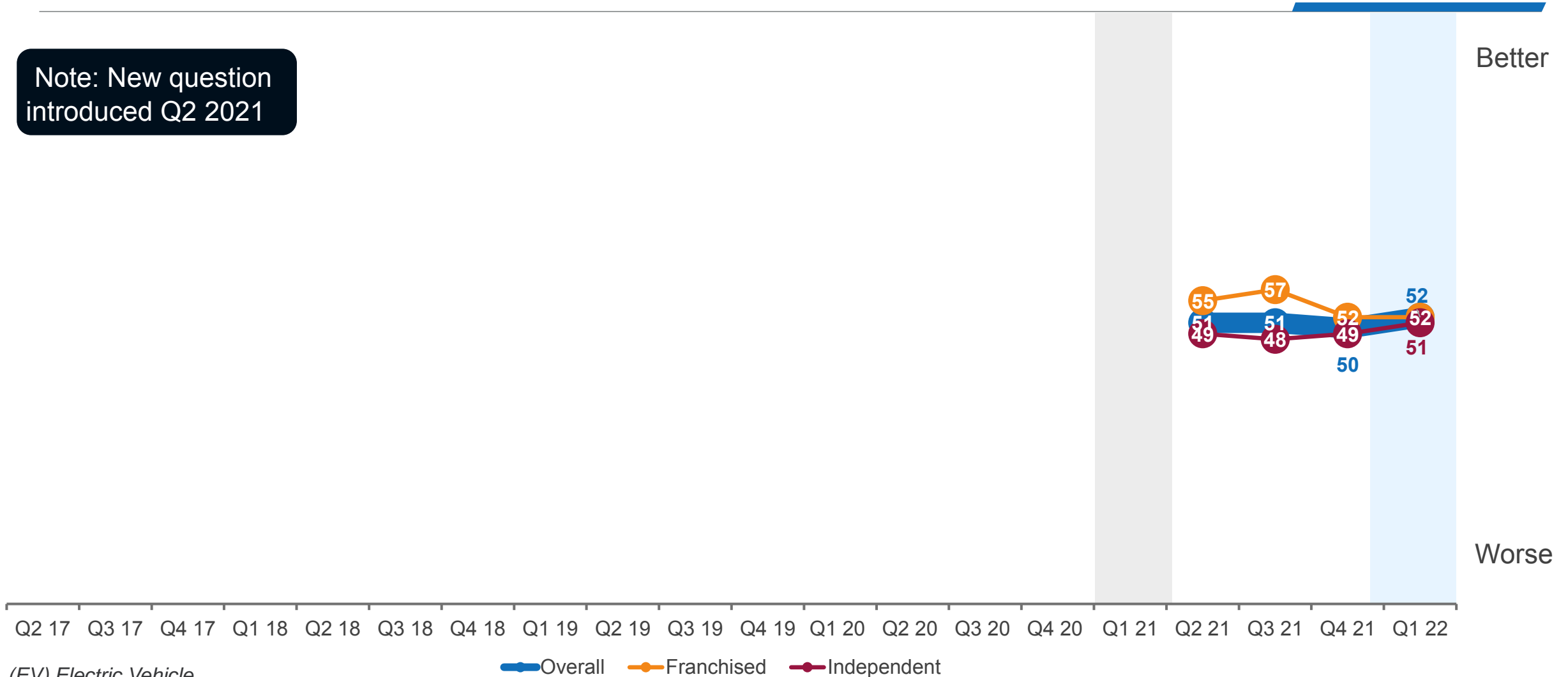


Note: Scale 1 - 100

# Q19: Compared to last year, how would you describe your EV sales?

## Dealer Sentiment Index FIRST QUARTER 2022

Note: New question introduced Q2 2021



(EV) Electric Vehicle

Overall Franchised Independent

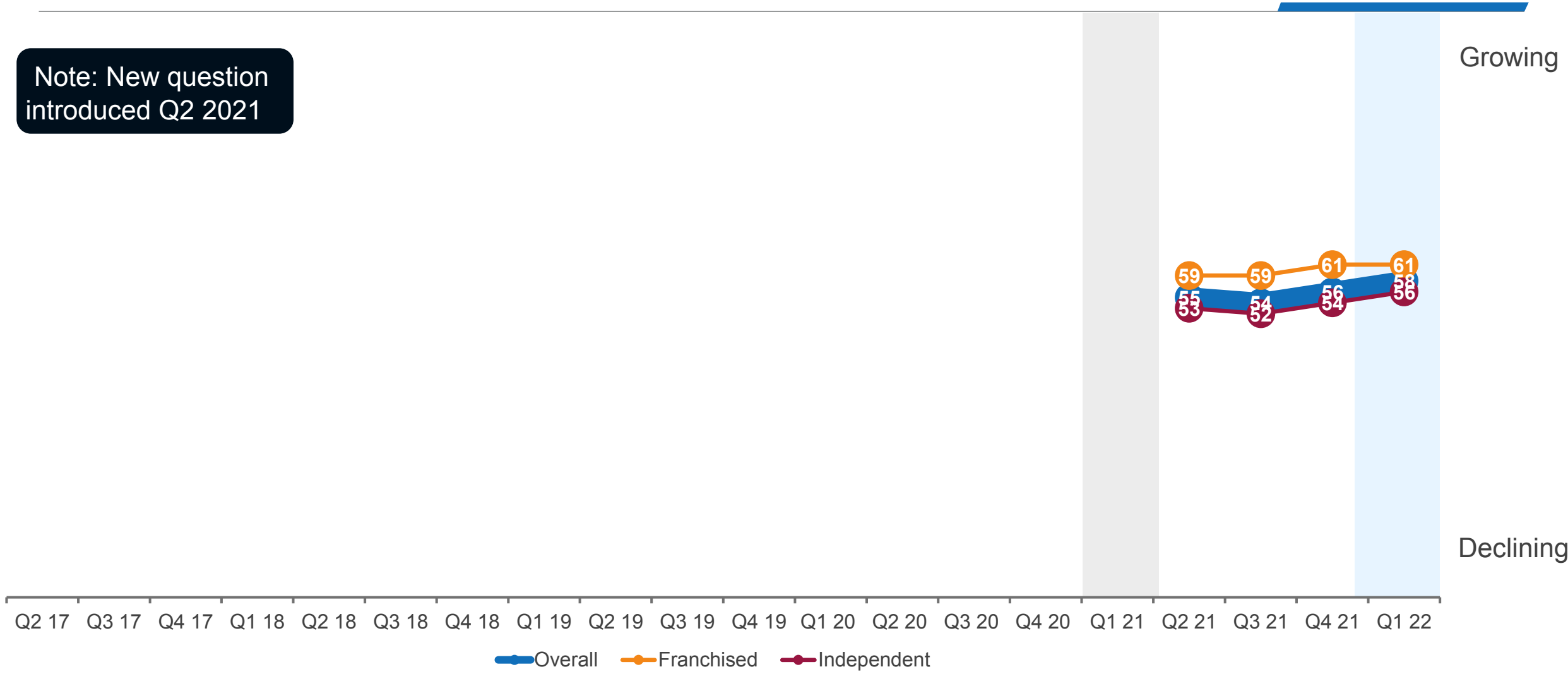
Note: Scale 1 - 100

Q20: What do you expect the EV market in your area to look like 3 months from now?

# Dealer Sentiment Index

FIRST QUARTER 2022

Note: New question introduced Q2 2021



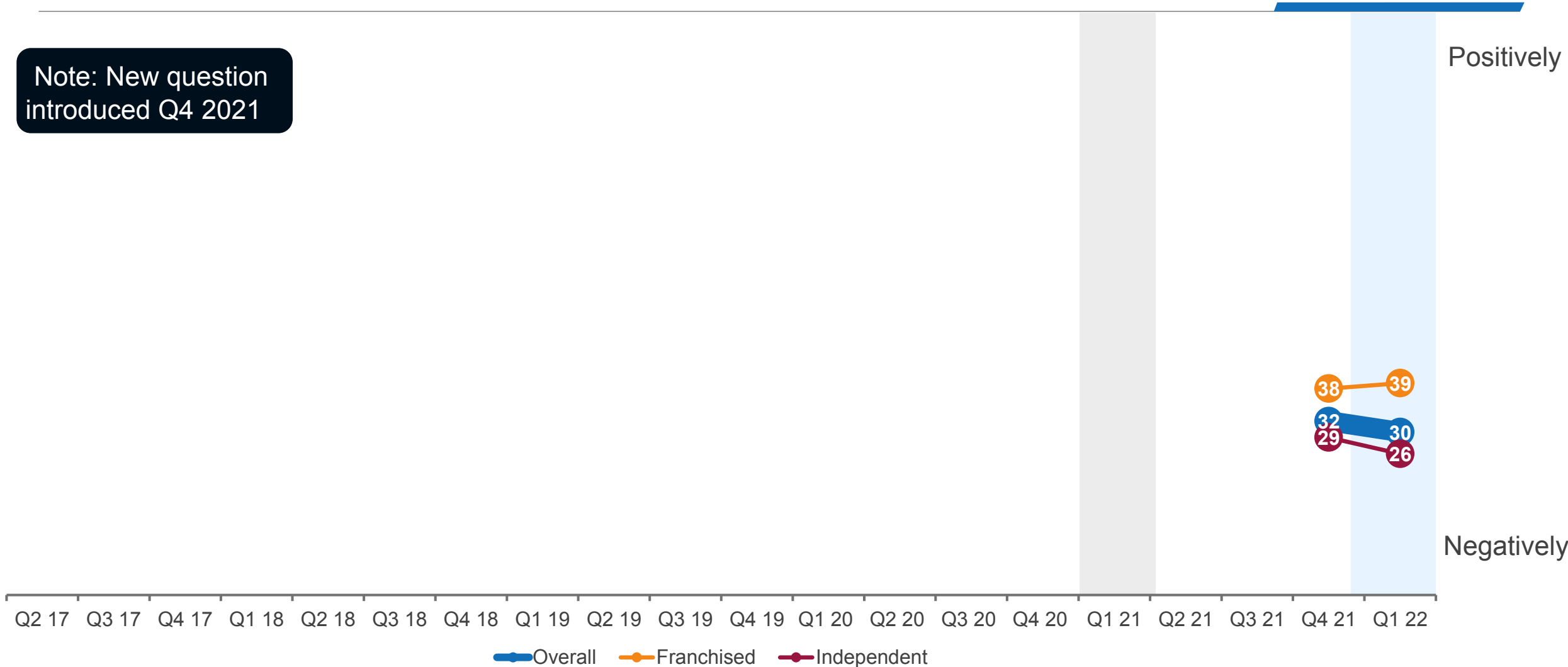
Note: Scale 1 - 100



# Q21: How do you feel the consolidation of dealerships is impacting the market?

## Dealer Sentiment Index FIRST QUARTER 2022

Note: New question introduced Q4 2021



Note: Scale 1 - 100

## Factors Holding Back Your Business?

OVERALL RANK

		Q1 '22	Q4 '21	Q1 '21	Q1 '20
1	Limited Inventory	62%	64%	43%	29%
2	Market Conditions	40%	44%	38%	34%
3	Economy	37%	34%	42%	19%
4	Business Impacts from COVID-19/Coronavirus	33%	30%	46%	N/A
5	Expenses	23%	23%	21%	21%
6	Political Climate	20% ↓	24%	36%	19%
7	Weather	15% ↑	3%	17%	19%
8	Consumer Confidence	15%	13%	25%	17%
9	Credit Availability for Consumers	13%	11%	18%	30%
10	Competition	13%	12%	20%	34%
11	Staff Turnover	11%	10%	7%	8%
12	Consumer Transparency in the Pricing	5%	5%	5%	9%
13	Credit Availability for Business	5%	4%	6%	7%
14	Interest Rates	5% ↑	3%	3%	8%
15	Regulations	5%	6%	9%	6%
16	Lack of Consumer Incentives From My OEM	4%	4%	3%	5%
17	Tariffs on Imported Vehicles and Parts	4%	4%	2%	3%

Significant decrease vs previous quarter



Significant increase vs previous quarter



## Factors Holding Back Your Business?

OVERALL RANK

		Q1 '22	Q4 '21	Q1 '21	Q1 '20
18	Technology to Support Operations	4%	3%	2%	N/A
19	Dealership Systems/Tools	3%	3%	2%	5%
20	Technology to Support Sales	3%	2%	2%	N/A
21	OEM Priorities	2%	2%	2%	N/A
22	OEM Mandates/Restrictions	2%	2%	2%	3%
23	Too Much Retail Inventory	1%	1%	2%	5%

Significant decrease vs previous quarter



Significant increase vs previous quarter



## Factors Holding Back Your Business?

FRANCHISED DEALERS

		Q1 '22	Q4 '21	Q1 '21	Q1 '20
1	Limited Inventory	68%	71%	41%	18%
2	Business Impacts from COVID-19/Coronavirus	35%	29%	42%	N/A
3	Market Conditions	34%	31%	31%	34%
4	Economy	30%	26%	36%	20%
5	Political Climate	20%	21%	38%	23%
6	Lack of Consumer Incentives From My OEM	18%	14%	13%	21%
7	Staff Turnover	16%	15%	10%	19%
8	Weather	16% ↑	3%	20%	23%
9	Consumer Confidence	13%	13%	25%	18%
10	Expenses	11%	9%	10%	18%
11	OEM Priorities	9%	8%	7%	N/A
12	OEM Mandates/Restrictions	9%	8%	7%	10%
13	Credit Availability for Consumers	6% ↑	3%	9%	18%
14	Competition	6%	6%	18%	32%
15	Tariffs on Imported Vehicles and Parts	4%	4%	3%	4%
16	Regulations	4%	5%	7%	2%
17	Interest Rates	4%	2%	2%	11%

Significant decrease vs previous quarter



Significant increase vs previous quarter



## Factors Holding Back Your Business?

FRANCHISED DEALERS

		Q1 '22	Q4 '21	Q1 '21	Q1 '20
18	Consumer Transparency in the Pricing	3%	3%	4%	9%
19	Dealership Systems/Tools	2%	2%	2%	8%
20	Technology to Support Operations	2%	2%	1%	N/A
21	Technology to Support Sales	2%	2%	2%	N/A
22	Credit Availability for Business	1%	0%	1%	2%
23	Too Much Retail Inventory	1%	0%	0%	4%

Significant decrease vs previous quarter



Significant increase vs previous quarter



## Factors Holding Back Your Business?

INDEPENDENT DEALERS

		Q1 '22	Q4 '21	Q1 '21	Q1 '20
1	Limited Inventory	60%	62%	43%	33%
2	Market Conditions	43% ↓	49%	40%	34%
3	Economy	39%	37%	44%	19%
4	Business Impacts from COVID-19/Coronavirus	33%	30%	48%	N/A
5	Expenses	28%	27%	25%	22%
6	Political Climate	20% ↓	25%	36%	18%
7	Credit Availability for Consumers	15%	14%	21%	35%
8	Competition	15%	14%	21%	35%
9	Consumer Confidence	15%	14%	26%	17%
10	Weather	14% ↑	3%	16%	17%
11	Staff Turnover	10%	8%	6%	4%
12	Credit Availability for Business	6%	5%	7%	8%
13	Consumer Transparency in the Pricing	6%	6%	6%	9%
14	Interest Rates	5% ↑	3%	3%	7%

Significant decrease vs previous quarter



Significant increase vs previous quarter



## Factors Holding Back Your Business?

INDEPENDENT DEALERS

		Q1 '22	Q4 '21	Q1 '21	Q1 '20
15	Regulations	5%	6%	10%	7%
16	Tariffs on Imported Vehicles and Parts	4%	4%	1%	3%
17	Technology to Support Operations	4%	3%	3%	N/A
18	Dealership Systems/Tools	4%	3%	2%	4%
19	Technology to Support Sales	3%	2%	2%	N/A
20	Too Much Retail Inventory	2%	1%	3%	6%

Significant decrease vs previous quarter



Significant increase vs previous quarter



## Area of Business with Staffing Issues

		Overall	Franchised (A)	Independent (B)
1	Service	74%	<b>86% B</b>	68%
2	Sales	69%	68%	69%
3	Parts	26%	<b>41% B</b>	19%
4	Management	20%	19%	20%
5	Collision/Auto Body	18%	21%	16%
6	Finance & Insurance	16%	12%	18%
7	Marketing	12%	5%	16%
8	Other	10%	8%	11%

Of those who said Staff Turnover was holding back their business.

A/B Indicates significant difference between groups at the 95% confidence level



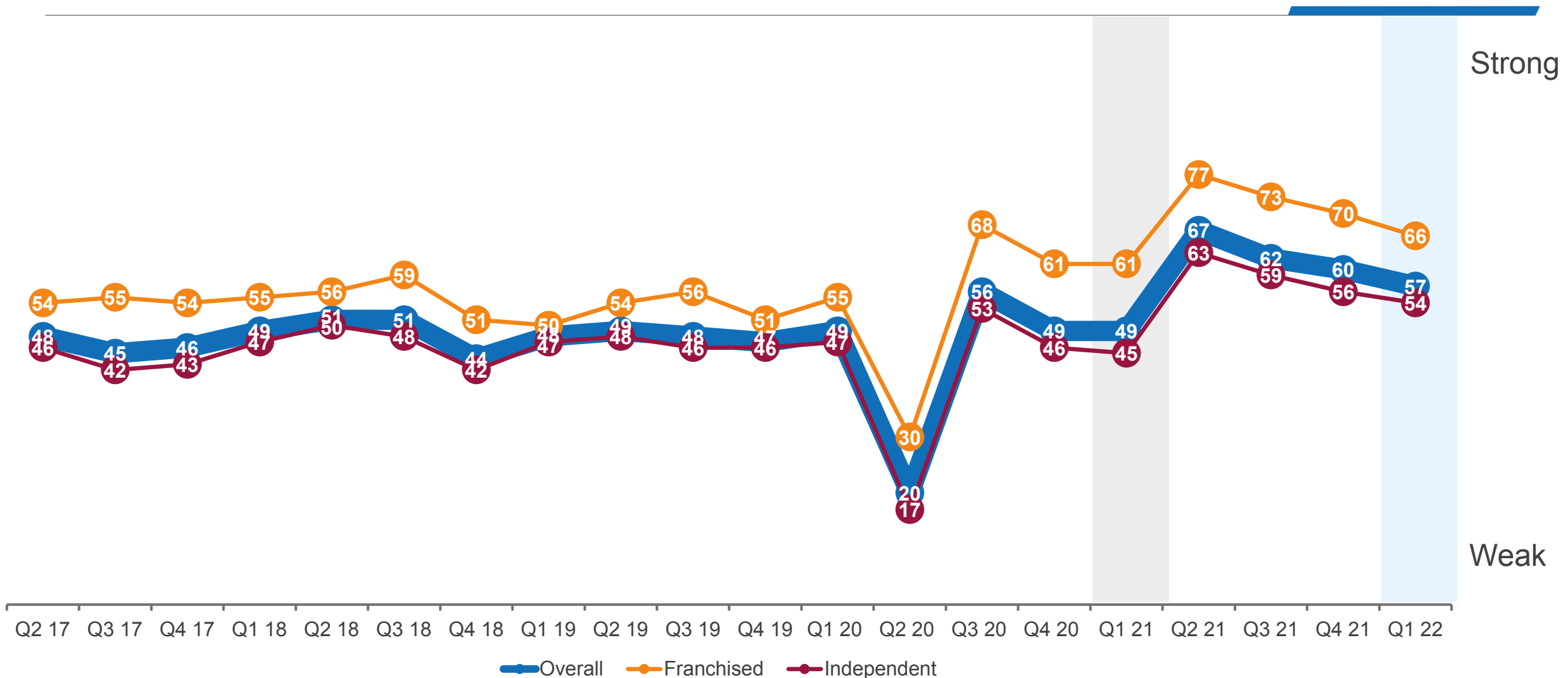
A photograph of a car dealership showroom with a row of white cars parked in a line. The cars are viewed from a low angle, showing their rear and side profiles. The background features large windows and a modern interior design.

# The Business Impact of COVID-19

Q1: How would you describe the current market for vehicles in the areas where you operate?

# Dealer Sentiment Index

FIRST QUARTER 2022

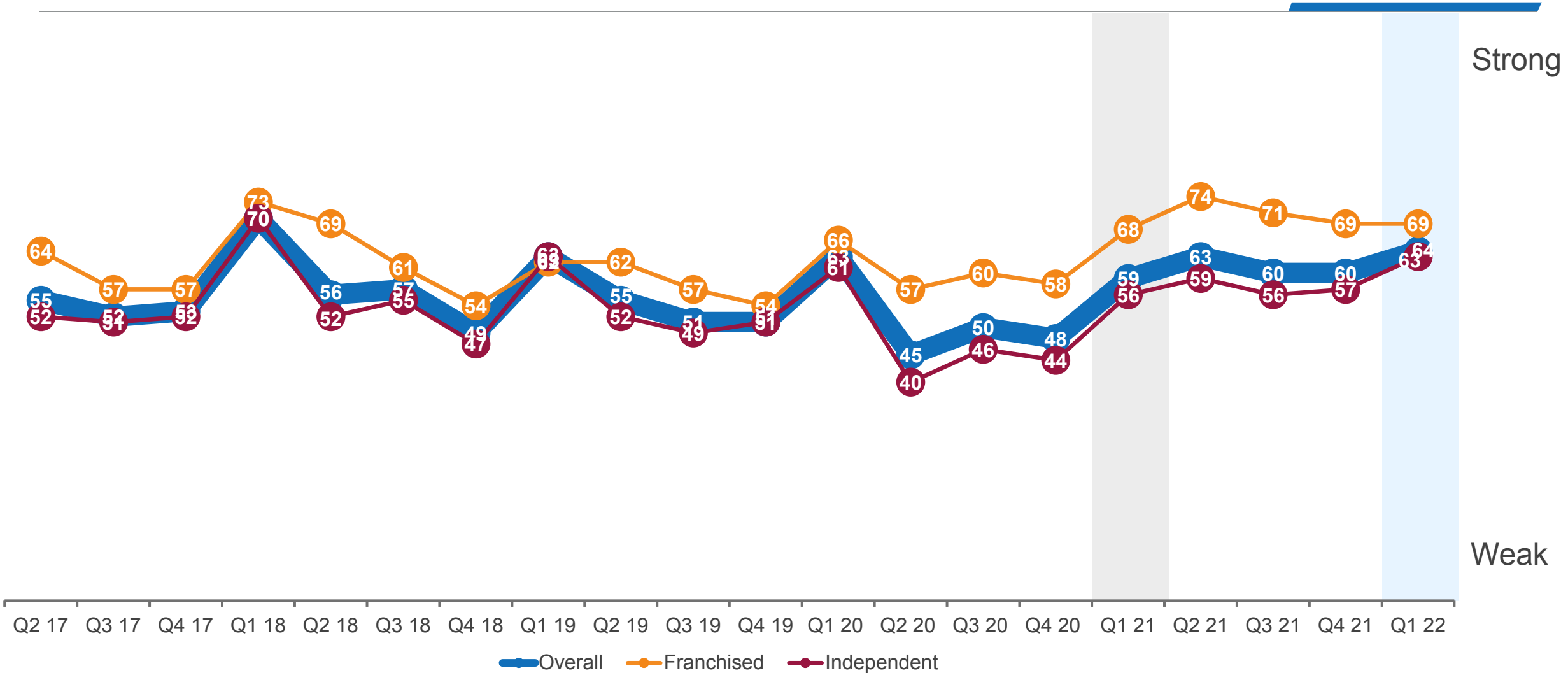


Note: Scale 1 - 100

Q2: What do you expect the market for vehicles in your area to look like 3 months from now?

# Dealer Sentiment Index

FIRST QUARTER 2022



Note: Scale 1 - 100

### Top Priorities at This Time

	Overall		Franchised (A)		Independent (B)		High Tax States (A)		All Other States (B)	
	Q1 2022	Q4 2021	Q1 2022	Q4 2021	Q1 2022	Q4 2021	Q1 2022	Q4 2021	Q1 2022	Q4 2021
Finding/Buying inventory	<b>46%</b>	51%	40%	44%	<b>48% A</b>	<b>53% A</b>	<b>43%</b>	54%	47%	50%
Staying in business in general	14%	15%	2%	4%	<b>18% A</b>	<b>19% A</b>	18%	19%	13%	14%
Improving efficiency in general	9%	7%	<b>14% B</b>	10%	7%	6%	8%	5%	9%	8%
Retaining customers	6%	6%	<b>13% B</b>	<b>13% B</b>	4%	4%	9%	5%	6%	6%
Improving Sales and Service solutions	6%	5%	8%	5%	6%	4%	6%	3%	6%	5%
Gaining market share	<b>6%</b>	4%	<b>8% B</b>	<b>8% B</b>	<b>5%</b>	2%	2%	3%	<b>6% A</b>	4%
Retaining employees	5%	4%	<b>9% B</b>	<b>10% B</b>	<b>4%</b>	2%	5%	4%	5%	4%
Reducing expenses by cutting unnecessary costs	5%	<b>5%</b>	3%	4%	<b>6% A</b>	<b>6%</b>	6%	3%	5%	<b>6%</b>
Selling the dealership	1%	1%	1%	0%	1%	1%	1%	1%	1%	1%
Acquiring other storefronts	1%	1%	1%	1%	0%	1%	1%	0%	1%	1%
Other	1%	1%	1%	1%	1%	2%	1%	<b>3% B</b>	1%	1%

**GREEN:** Significant *increase* from prior quarter

**RED:** Significant *decrease* from prior quarter

## Regional View – Index Scores (Franchised Dealers)

Question	Answer	North-east	Mid-west	South	West
Current Market	Strong/Weak	64	66	65	71
Market Next 3 Months	Strong/Weak	68	70	68	69
Customer Traffic	Strong/Weak	51	49	54	56
Profits	Strong/Weak	84	80	80	80
Dealer Credit	Easy/Difficult	65	68	67	59
Costs	Growing/Declining	65	65	65	72
New Vehicle Sales	Good/Poor	55	49	46	54
New Vehicle Inventory	Growing/Declining	<b>26</b>	20	25	<b>30</b>
New Vehicle Inventory Mix	Good/Poor	25	20	22	27
Used Vehicle Sales	Good/Poor	66	65	61	67



Note: Scale 1 – 100

**GREEN:** Significant *increase* from prior quarter

**RED:** Significant *decrease* from prior quarter

## Regional View – Index Scores (Franchised Dealers)

Question	Answer	North-east	Mid-west	South	West
Used Vehicle Inventory	Growing/Declining	42	39	48	<b>52</b>
Used Vehicle Inventory Mix	Good/Poor	55	51	54	52
Price Pressure	More/Less	26	24	<b>28</b>	24
Staffing	Growing/Declining	47	50	47	47
OEM incentives	Large/Small	25	23	19	28
Economy	Strong/Weak	57	55	57	59
Current Fixed Operations	Better/Worse	64	66	67	66
Future Fixed Operations	Growing/Declining	<b>77</b>	76	78	74
Current BEV Sales	Better/Worse	58	52	45	58
Future BEV Sales	Growing/Declining	64	63	56	64
Dealer Consolidation Impact	Positive/Negative	42	37	43	35



Note: Scale 1 – 100

**GREEN:** Significant increase from prior quarter

**RED:** Significant decrease from prior quarter

# Dealer Sentiment Index

FIRST QUARTER 2022

## Contact Information:

Dara Hailes  
Manager, Public Relations  
Cox Automotive  
[dara.hailes@coxautoinc.com](mailto:dara.hailes@coxautoinc.com)

Mark Schirmer  
Director, Public Relations  
Cox Automotive  
[mark.schirmer@coxautoinc.com](mailto:mark.schirmer@coxautoinc.com)

COX

← (P) 6205 6305

▲ (P) 6325