

DATA, INSIGHTS, AND OPPORTUNITIES

for the new economy

In a matter of months, Automotive Retail has transformed itself to adapt to new challenges and a brand new economic environment. The old strategy of “just bring them in” can’t quite work the way it used to. Dealers have embraced new ways to do business, new ways to meet consumers *wherever* they are, and new ways to win.



Servicing more than half of all franchise dealers in the US, and bolstered by intelligence from across Cox Automotive’s family of automotive brands, Dealer.com is helping dealers chart a course through the impacts of COVID-19. For more than 21 years, we’ve been in the business of guiding buyers through their journey from consideration, to selection, to your showroom and your service department.

Executive SUMMARY

Data can guide us through this rapidly changing time. Across the industry, across our dealer base, and across Cox Automotive, we are studying how consumers are reacting in real-time. As our industry begins to demonstrate its collective resilience, we've compiled 5 recommendations to guide you as you shape your new digital strategy.

01.

Be flexible to
**CAPTURE
RISING
DEMAND.**

02.

It's time to
**FLEX YOUR
SOCIAL
STRATEGY.**

03.

Don't let up
**PROMOTING
OEM OFFERS.**

04.

Unveil your
**SALES &
SERVICE
STRATEGY.**

05.

Begin to
**TRANSACT
& INTERACT
ONLINE.**

01.

Be flexible to CAPTURE RISING DEMAND

Demand for vehicles, particularly used inventory, is surging. A Dealership's primary focus should be shifting the sales process to your Digital Storefront, educating consumers about the ability to handle much of the trade, purchase, service and delivery process virtually or remotely. As restrictions are lifted and confidence in the market returns, we are starting to see a strong rebound, and the flexibility you've established in your sales processes will provide lasting benefits.



Consumer Shopping Activity

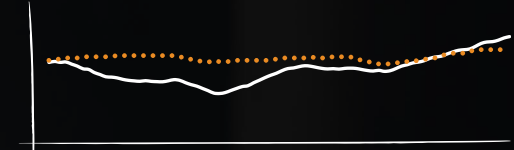
Almost **80%** of Autotrader site users are actively shopping for a vehicle and **65%** of Autotrader site users indicate they will purchase a vehicle in the next 3 months (up from **59%** pre-COVID), and **75%** in the next 6 months.

Shopping Activity Across Dealer.com Sites Has Recovered and On Most Primary Measures Exceeded Forecasts

WEBSITE VISITS

9%

Below Forecast

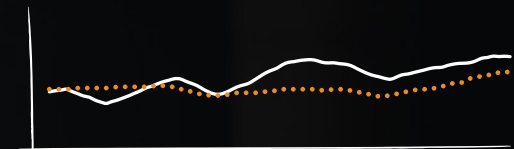


From 03/08/20 to 05/24/20

NEW VDP VIEWS

13%

Above Forecast

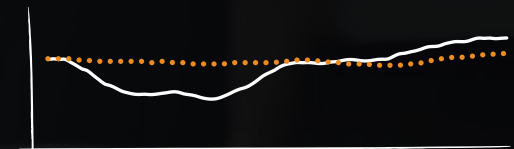


From 03/08/20 to 05/24/20

USED VDP VIEWS

10%

Above Forecast



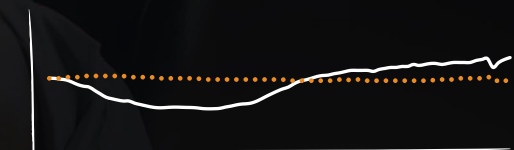
From 03/08/20 to 05/24/20

New Vehicle Forms Submissions are **79% above forecast**, and Used Vehicle Forms Submissions are up **84% above forecast**.

WEBSITE LEADS

19%

Above Forecast



From 03/08/20 to 05/24/20

— Actual Forecast

02.

It's time to FLEX YOUR SOCIAL STRATEGY

Due to increases in available ad inventory, Facebook has become a highly cost-effective way to connect with consumers and let them know of your services during the pandemic. Dealers should evaluate their existing marketing mix and determine if there is room to move investment into the social space.

Just as importantly, be present in the social space and look for opportunities to connect with consumers, celebrate each sale, and nurture your community relationships so that when shoppers are able to visit a dealership, they'll think of yours first.



Facebook Ad Costs Down,
Referral Traffic Up

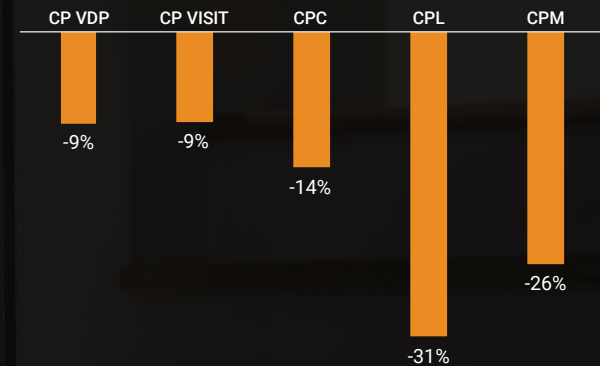
Consider moving a portion of your ad budget to Facebook, YouTube or other social channels.

Facebook's "Cost-Per" Metrics are Down Significantly

↓ 26%
CPMs

↓ 31%
Cost per Lead

DECLINE IN FACEBOOK COST PER METRICS



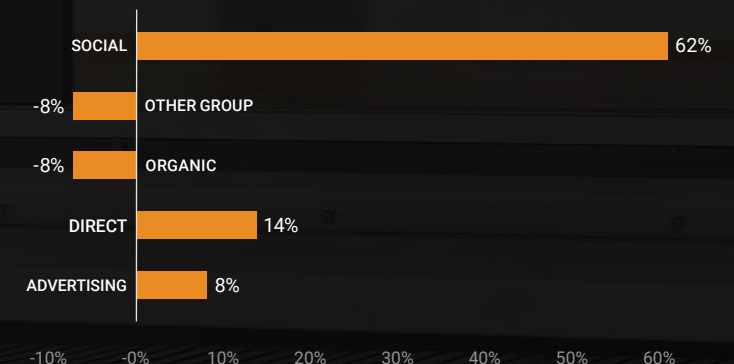
Comparing the last 7 days to pre-pandemic numbers (through 05/01/20)

Dealer.com Websites are Seeing Strong Referral Traffic from Social Channels

REFERRAL TRAFFIC FROM SOCIAL CHANNELS

↑ 62%
Year over Year

REFERRAL TRAFFIC (YoY PER DEALER)



From 03/01/20 to 05/01/20, vs. 2019

03.

Don't let up PROMOTING OEM OFFERS

Although we are seeing OEMs relax their drastic incentives, we're learning that these incentives dramatically impacted consumer behavior in April and May compared to a year ago.

The data implies that consumers are still hunting for great deals. Dealers should continue their heavy promotion of OEM incentives— through both advertising campaigns, videos, and on-side specials content.

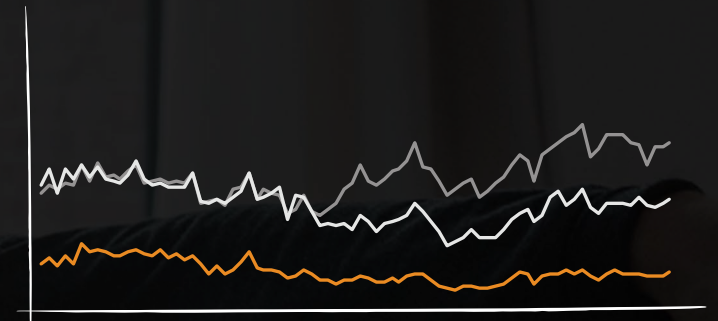
Consumer Behaviors Has Changed as a Result of the OEM Incentives Being Offered

OEM INCENTIVES IN APRIL AND MAY (NEW VEHICLES)

↑ **18%**
VDP Views

↑ **70%**
Lead Submissions

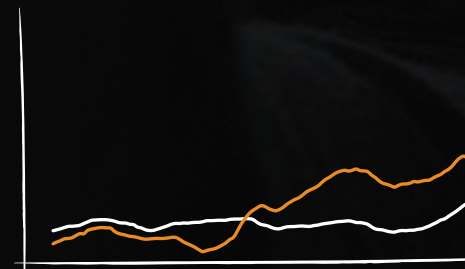
VDP ENGAGEMENT HIGHER FOR 0% AND DEFERRED PAYMENT



From 02/10/20 to 04/27/20

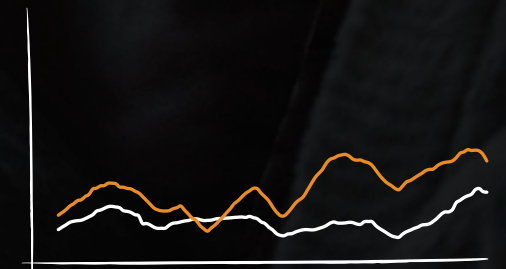
— 0% Financing — Payment Deferral — No Incentives

NEW VEHICLE FORM SUBMISSIONS FOR BRANDS OFFERING DEEP INCENTIVES (APRIL AND MAY 2020 YoY)



From 02/01/20 to 05/01/20

NEW VEHICLE VDP VIEWS FOR BRANDS OFFERING DEEP INCENTIVES (APRIL AND MAY 2020 YoY)



From 02/01/20 to 05/01/20

— 2019 — 2020



Website Engagement Is Up

Keep your foot on the gas **promoting your offers.**

04.

Unveil your SALES & SERVICE STRATEGY

Remote vehicle service and repair are essential services now, but these conveniences are likely to outlast COVID19. And while service may only be a small percentage of your total sales, it is about 50% of your gross profit. Use this opportunity to beef up your service pages and explore the flexibility of at-home services. Instead of waiting for the news to change about COVID19, showcase these services across your Digital Storefront — and your social channels — and let these shoppers know you're ready to serve them.

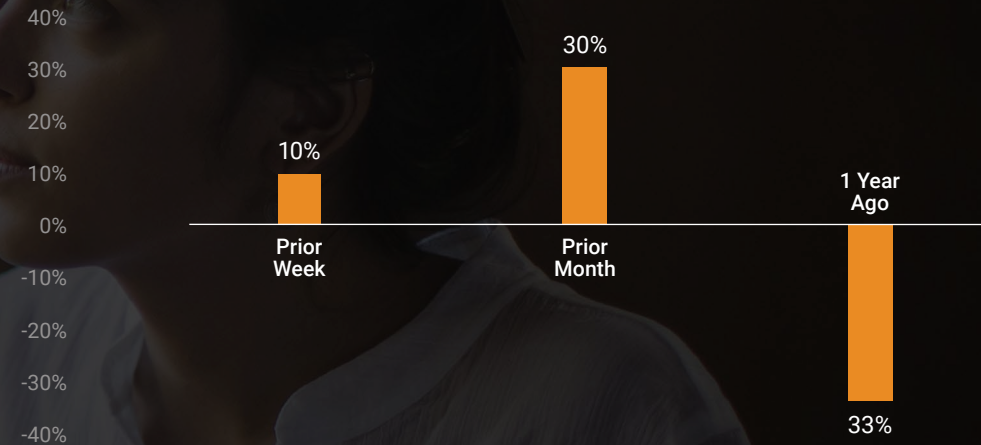


Service

Consumer interest in **Service is down** compared to last year, but we are starting to see **signs of recovery**.

Xtime Reservations Show Signs of Recovery

As of May 31, Xtime Reservations are **up 10%** from the previous 7 day period, **up 30%** from 28 days ago, but still **down 16%** from a year ago.



Vehicle Service Reservation Counts are also Increasing



From 01/30/20 to 05/29/20

05.

Begin to **TRANSACTION** & **INTERACT ONLINE**

As social distancing has forced consumers to research, shop, and buy differently, the ability for consumers to interact and transact online is critical. Use this time to ramp up your digital retailing tools. Train your staff and adjust your sales process to leverage this new capability.

Digital retailing is a proven time-saver for consumers, one that has resulted in greater dealer profitability. Cox Automotive has measured 28% higher gross profits among dealers using our Digital Retailing platform.**

**Cox Automotive Accelerate platform Close Rate and Profit Analysis (Jan 2019-Aug 2019); sold leads from Digital Retailing compared to other Cox Automotive leads excludes active leads (open opportunities not lost or sold).



Digital Retailing

Dealers using Digital Retailing report lower sales declines (-64%) over those who do not (-73%).

Deals and Credit Apps Per Dealer Showing a Rebound

Dealer.com is experiencing record volumes of submitted deals & credit applications, up 36%* comparing the past 7 days to pre pandemic (week before 3/12/20).*



From 02/01/20 to 05/23/20

Website Trends: Consumers Engaging with Digital Retailing Tools

2x

Longer shopping on the website

1.5x

More VDP views

6x

More likely to submit a form on the website during the visit

Comparison of visits with vs. without digital retailing activities, Dealer.com hosted websites (June-Nov 2019)

We're all in this **TOGETHER**

Cox Automotive and Dealer.com are committed to seeing you through these challenging times. We have the resources, the creativity, and the understanding to help you re-imagine your marketing strategy and thrive in the face of these new challenges.


The entire Cox Automotive family, starting with your Dealer.com Performance Manager, is here to help you. Today and always, thank you for continuing to trust in our technology and our people.

We truly value your partnership.

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COX AUTOMOTIVE