

THE COMPLETE DEALER SUCCESS GUIDE TO HELP YOU OVERCOME inventory shortages, NAVIGATE economic challenges, INCREASE your lead quality and dealership performance.





IT'S NO SECRET, THE AUTOMOTIVE MARKET AND INDUSTRY HAS EXPERIENCED UNPRECEDENTED CHANGES OVER THE LAST FEW YEARS.

There is a real opportunity in front of all of us right now.

If you're an Autotrader or Kelley Blue Book client, you're more than a client, you're our partner.

Here at Cox Automotive, we know many of you are facing BIG challenges right now. Challenges like low inventory or trying to increase your exposure to connect with the right buyers, or just battling all the ups and downs that come with current market conditions.

We want you to know you're not ALONE. We've been hearing from many of our dealer partners that these are changing times and they both need and want help navigating them.

As your trusted partner, yes, we provide you with the solutions to increase your exposure, drive more quality leads, find creative ways to address the inventory shortages, and create satisfied customers. But we also want to provide you with insights into what we see working NOW, and more importantly, how you can implement them to ultimately increase gross profits and get deals done faster.

What are the three biggest challenges our 20,000+ dealer partners say they're facing today? Inventory acquisition challenges, finding and marketing to car buyers, and navigating current economic conditions.

All three of these challenges have solutions you can implement to help drive your business forward successfully. We invite you to take a few minutes to check out the incredible resources we've provided for you on the following pages, as well as connect with your account rep to provide a personalized account health check. Not a client? We'd love to connect with you and discuss how we can help elevate and exceed your business goals. We're here for the **Deal Doers!**

Now the good news... Despite the market conditions, people are still shopping for cars. And while 68% of shoppers are cautious due to the current economic climate, demand has returned to pre-covid levels.

And third-party sites remain the top destination for buyers' shopping needs. Each year, Cox Automotive hosts over 2.3 billion online visits, manages 80 million leads and sifts through 2.9 TRILLION consumer insights (based on first-party web activity). Applying AI to this curated and connected data, we're able to deliver predictive insights and recommendations that no one else can.

Which all translates to a more qualified lead as well as you having the ability to get deals done faster.

So, let's take a closer look together at how YOU are focusing on acquisition strategies and new lines of revenue. Let's also look at how to enhance your performance and profit through optimization of your existing tools and re-evaluating your strategies. And, together, let's examine the potential recession, which in reality, is a more optimistic future.

Because with the power of your Cox Automotive partnership alongside you, we'll help you flatten out the bumps in the short term and lead you to a smoother future for the road ahead.







TAKE A CLOSER LOOK

AT THE TOP 3

CURRENT DEALER CHALLENGES AND SOLUTIONS WITHIN THE AUTOMOTIVE INDUSTRY TODAY.

After reviewing some of the research and statistics surrounding them, you will not only have a COMPLETE guide on how to combat the current challenges, but also be given solutions and checklists that will offer you a 360 degree look at what you're doing at your dealership NOW, as well as what you could be doing to overcome challenges for a more successful future in this changed landscape.



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THE COMPLETE DEALER SUCCESS GUIDE

1 HOW TO OVERCOME INVENTORY CHALLENGES



We've rounded up our newest and best tips to help you optimize your vehicle acquisition game and find new car sales opportunities to ensure you're not missing out on opportunities to keep your lot stocked while hitting your numbers.



IN Q1 THERE WERE 75,000 LESS CARS IN THE US AUTO MARKET.

DEALERS ARE FACING INVENTORY CHALLENGES LIKE NEVER BEFORE.

SHOPPER INSIGHTS



Despite these conditions, only 15% of shoppers are considering **delaying a purchase.**²



Vehicle demand is still there, and 85% of the market is still **ready-to-buy**. Given the inventory constraints, customers know they might not be able to get exactly what they are shopping for.²



In fact, 43% of shoppers said they would purchase an entirely different vehicle — which means **you have more influence** over their purchase.²

Source: 1. Q2 Cox Automotive Study. Source: 2. 2021 Car Buyer Journey Study.





ARE YOU USING YOUR SERVICE DRIVE TO ACQUIRE INVENTORY?

For most dealerships with service bays, fixed ops make up more than 50% of your overall profits. That's a big number! Yet only about 10% of your marketing investment and 20% of your focus for growth is centered on your service department.

Keep in mind that **74% of consumers** are likely to purchase their next vehicle from the same dealer that they return to for service.² Because of the global chip shortage's effect on new and used car inventory and prices, the time for fixed ops to shine is now.

This part of your business has a ton of growth opportunity.

It's a stable, long-term revenue stream for your business and an excellent resource for vehicle acquisition.

Source: 1. NADA January 2021 Average Dealer Profile. Source: 2. 2021 Cox Automotive Study.

CHECK OFF THE STRATEGIES BELOW YOU ARE ALREADY USING:

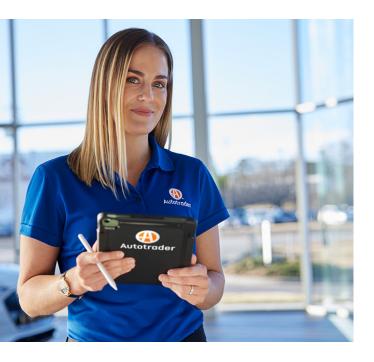
- Offer pickup and delivery
- □ Ability to schedule service appointments online
- □ Ability to schedule service appointments with an app
- □ Train your service writers and frontline service staff to handle new car questions or protocol for involving your new car sales department
- □ Have a firm grasp of the impact parts items (like tires) can have on keeping lifetime clients coming back to your dealership and offer them
- ☐ Have an exact dollar number of the value a lifetime client is worth to you
- Offer mobile on-site services to your customers
- Out-source certain services when your staff count is low but demand is high
- Ensure your service hours match or extend past your competitors
- Ensure your service department takes a multi-prong approach when a customer is facing a costly repair in determining what the client's best route is (repair vs. time to buy)





ADDITIONALLY, WE ALL KNOW THAT CUSTOMERS VALUE TRANSPARENCY AND ACCURACY AS WELL AS THEIR TIME.

When you have an opportunity to deliver on those **three things**, and do it consistently, you will not only retain your lifetime clients, but you'll most likely gain a few customers from your competitors as well.



CHECK OFF THE STRATEGIES BELOW YOU ARE ALREADY USING:

- □ Display current pricing for service repairs on your website or third-party site
- ☐ Use a **third-party site** to advertise your service offerings and openings
- Communicate all warranty recalls to your clients to prompt a visit
- □ Train your service writers and frontline service staff to handle questions or protocol for involving your sales department (i.e., trade-ins AND new car sales)
- □ Consistently update your service repair offerings, pricing, and availability to match what you can accurately deliver

THE DEAL DOERS SOLUTION

Capture more service customers and vehicle acquisition opportunities with Service Advisor

KBB.com's Service Advisor connects service shoppers with dealership service centers they can trust. As a <u>Service Advisor</u>, your dealership can increase fixed operations revenue, keep service bays full and increase their acquisition opportunities with simple, cost-effective 24/7 service marketing.

Xtime is also helping dealers profit in the face of change and elevate customer satisfaction across the entire service experience. It offers the convenience of scheduling and communications with all of your customers.







ARE YOU PROMOTING REAL CASH OFFERS ON YOUR WEBSITE?

To be successful (and profitable!) with your vehicle acquisition efforts, you have to provide the right experience on your website. This will help build trust and confidence with the vehicle owners you're targeting.

Providing your website visitors with an estimated value range of what their vehicle might be worth has been the standard dealer experience for years. But improvements in technology and access to vast amounts of available market data means you can give more than an estimate — now you can give consumers a real cash offer for their vehicle.

You can't control inventory shortages, but you can combat them with the right tools that expand your available inventory beyond your lot.

CHECK OFF THE STRATEGIES BELOW YOU ARE ALREADY USING:

- ☐ Have a tool online that gives a real cash offer for a customer's vehicle
- ☐ Provide **educational videos** or content that shows the **advantages** of trading in, selling, or purchasing their next car with you
- ☐ Provide educational videos or content that show the step-by-step instant cash offer process
- ☐ Make it **easy and seamless** for a customer to get an offer, bring the vehicle to you or pick up their vehicle, and get paid in a quick and timely manner
- ☐ Train your staff to handle questions or protocol for handling instant cash offers, especially questions they might have online about the process
- ☐ Have an instant **text or chat feature** to make sure to capture the customer in your funnel and make sure to help them cross the finish line in the process
- ☐ Leverage **third-party listings** sites to capture even more vehicle owners interested in trading in or selling their vehicle



THE DEAL DOERS SOLUTION

Add Kelley Blue Book® Instant Cash Offer to your vehicle acquisition strategy.

Kelley Blue Book® Instant Cash Offer is an online inventory and trade-in offer solution that allows your dealership to acquire the inventory you need directly from transaction-ready consumers, lowering your acquisition costs and improving your bottom line.







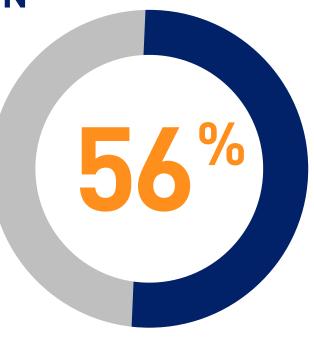
ARE YOU POWERING UP YOUR PRE-ORDER ADVERTISING?

Like many other advancements that became popular amongst consumers as the result of the pandemic — such as curbside pickup and at-home delivery — placing a pre-order for your next vehicle at your local dealership is the newest trend among car shoppers.



56% OF CAR SHOPPERS
ARE INTERESTED IN
PRE-ORDERING
THEIR NEXT
VEHICLE
THROUGH
AUTOTRADER

AND KBB.COM¹







There's a new market of "pre-order intent shoppers" that's up for grabs and it's important you are doing the right things to capture them.

While you may not be able to control inventory shortages, you can overcome them with the right tools that expand your available inventory beyond your lot. This will provide you with more leads, more available inventory to sell, and more new-car sales.



CHECK OFF THE STRATEGIES BELOW YOU ARE ALREADY USING:

- □ Provide educational videos or content that show the process and/or step by step of pre-ordering a vehicle through your dealership
- ☐ Offer the customer an **elevated** brand experience or **take-away** so they are more likely to pre-order or be patient during the ordering process
- Market your brand experiences to customers based on their specific preferences instead of just marketing the car
- ☐ Train your staff on the **advantages of pre-ordering** so they can effectively convey the benefits to potential customers
- □ Actively engage your lease customers six months in advance to ensure a vehicle is available to them during the turn-in timeframe
- ☐ Make it easy and seamless for a customer to pre-order a vehicle on your website and third-party listings
- Have a strategy to give accurate updates to customers regularly during the pre-order process and through delivery
- Develop protocol and staff training for handling questions, especially about pre-orders
- ☐ Have an **instant text or chat feature** to capture customers in your funnel and help them cross the finish line in the new-car order process
- ☐ Have **financing offers** available online
- ☐ Have **trade-in offers** available online and a smooth process in place



THE DEAL DOERS SOLUTION

Defy Inventory Shortages with New Car Custom Order

New Car Custom Order connects franchise dealers with Autotrader and KBB.com shoppers interested in pre-ordering their next vehicle from a dealership in their area. Leveraging a pre-order lead tool on Autotrader and KBB.com can help you capture more leads, give you more available inventory to meet consumer demand, and ultimately help you sell more new cars.





THE COMPLETE DEALER SUCCESS GUIDE

2 NAVIGATING ECONOMIC CHALLENGES



When times are bad, advertise more.

Sales, profitability and gaining quality leads are a priority to all dealers. And during difficult economic times, it can be extremely tempting to cutback or eliminate advertising completely. If your sales are decreasing, which ultimately results in a profit loss, cutting your advertising budget might seem to be the only solution. However, advertising can still help increase sales during and even after tough times.

Cutting back on advertising may create a short-term cash flow increase, but it can also create a long-term brand struggle. It's still important to have visibility and stay in front of your customers during the buying journey — especially considering today's shortened window in the typical car purchasing cycle. You need to keep spending to keep your customer pipeline full.





Cox Automotive recently partnered with research experts GFK on our 2022 Content Influence Study. Based on surveys among over 2,000 new vehicle buyers and shoppers, we found that an overwhelming 83% used content marketing sources when researching their upcoming vehicle purchase during the "purchase" phase online.



SHOPPER INSIGHTS



In 2021 88%

used content marketing sources when researching their upcoming vehicle purchase.



In 2022 83%

used content marketing sources when researching their upcoming vehicle purchase.



Regardless, 86%

said they plan to use content marketing sources again when researching future vehicle purchases.

Source: 1. 2022 Cox Automotive Study

Notably, this percentage is down from 88% in 2021,

likely the result of consumer shopping behaviors starting to normalize as we begin to put the pandemic in our rearview mirror. Regardless, 86% said they plan to use content marketing sources again when researching future vehicle purchases.

And this trend is not unique to the automotive industry. In a recent study by Lucidpress, 85% of marketers surveyed reported an increase in demand for content among their customers over the last year, giving many businesses good reason to increase their content marketing budgets even more in 2022.1

Good news! Consumers are shopping despite the obstacles.

They still need cars and there still is demand. But their behaviors are constantly changing, especially with current events top-of-mind. Your communication strategy should adapt as their needs evolve. This is true for more than the automotive industry.

Prioritizing online visibility is important to most businesses. Time after time we see that when companies pull back instead of pivoting their marketing strategy they lose share — and fast.





ARE YOU TAKING ADVANTAGE OF THE OPPORTUNITIES TODAY'S MARKET PRESENTS?



During a recession, competitors could cut back on advertising, downsize, or completely shut down. When competitors leave the market, your market share can increase, and you have an opportunity to gain new customers. Thus, advertising in a slow economy will show consumers that you exist and are an alternative to competitors.

CHECK OFF THE STRATEGIES BELOW YOU ARE ALREADY USING:

- ☐ Engage customers with **compelling messaging** to sustain demand and protect loyalty?
- ☐ Stay in front of your potential customer **every step** of the buying process online
- ☐ Implement retargeting practices and monitor them frequently to make sure they are performing
- ☐ Run marketing campaigns to gather data, and consistently analyze that data to make changes when needed
- Market your brand experiences to specific customers based on their preferences instead of just marketing the car
- ☐ Use best-in-class third party listings sites (like Cox Automotive!) to ensure data is **optimized** and you are staying in front of ready-to-buy shoppers
- ☐ Advertise outside your usual radius to capitalize on shoppers you'd be willing to deliver a car to
- Advertise your **service offerings and appointments** to keep existing customers and gain new ones (since service is 50% of a dealers typical revenue)

THE DEAL DOERS SOLUTION

Are you using nVision to help inform your digital marketing strategy?

nVision is Cox Automotive's exclusive digital marketing analytics dashboard that provides actionable reports on your marketing performance and predictive insights based on real shopper engagements. Leveraging <u>nVision reporting</u> makes it easy to see your dealership's digital advertising ROI and optimize your results with the performance, market, audience, and vehicle inventory data you need.

Get the word out and sell vehicles with display advertising built for dealers

Display advertising should do just that: put your brand and inventory on full display for transaction-ready buyers to see. And with a suite of <u>display products</u> on Autotrader, KBB.com and across the web, your inventory will have **further reach and greater relevance** to car shoppers ready to purchase.





ARE YOU FOCUSING ON INCREASED AWARENESS FOR YOUR DEALERSHIP AND SERVICES?

If your business is running, you should advertise it.

Advertising will prevent customers from forgetting about your company or thinking you've shut down, so they consider you when making purchases. Additionally, marketing displays confidence in your company. If your business is visible in the marketplace, then it helps show that you are a credible and secure choice.

During difficult times, consumers focus more on what they need than what they want.

Consumers tend to research more about their purchases. Thus, consumers will pay more attention and rely more on advertising.

CHECK OFF THE STRATEGIES BELOW YOU ARE ALREADY USING:

- □ Are you ensuring your dealership brand, experience and offerings are visible and accurate?
- Do you **update** your **sales and service offerings**, especially ones that help your brand stand out?
- Do you **consistently update** your hours and sales/service team information?
- Do you have **regular communication** inside your dealership for what advantages your brand offers and is your team trained in sharing your **unique differentiators**?
- With the changed landscape, does your brand just sell the cars you have, or do they sell an experience?
- □ Are you advertising outside your usual radius to capitalize on shoppers you'd be willing to deliver a car to?
- Do you have ads that feature content and creative that stand out?

THE DEAL DOERS SOLUTION

Advertise your vehicle delivery availability to increase your sales footprint.

Autotrader's suite of <u>delivery advertising solutions</u> makes it easier than ever to promote your vehicle delivery services, expand your sales footprint, and <u>close more deals</u>.





THE COMPLETE DEALER SUCCESS GUIDE



Sales, profitability, and quality leads are a priority for all dealers. And in the new normal, there is often an even bigger spotlight on performance at your dealership. Especially when it might be declining or experiencing large ups and downs.

Your close rate, traffic, gross profit, and sales don't have to be a struggle.

Buyer behavior has shifted and over 50% of shoppers want to do more of the purchase process online. This gives you more opportunities to stay alongside and in front of your potential buyer every step of the way.

Ultimately, this will lead to increased performance and lead quality for your dealership.

Source: 1. 2021 Cox Automotive Car Buyer Journey Study.





AUTOTRADER IS STILL DRIVING PERFORMANCE

WHAT AUTOTRADER DELIVERS

Delivering 35% higher gross

profit per lead than our

closest competitor.1

Get in touch with more than **23 million unique visitors** a month.²

Get the most profitable leads in the industry (1.5x higher than the nearest competitor).¹

Benefit from the highest average gross profitability in the competitive set

at \$161 per lead.³

Trust the longstanding leader in Close Rate

NEW EXPECTATIONS

67% of car shoppers are willing to pay above sticker price for the car they want.⁴

This is up from 60% in 2021!⁴ Changed expectations are closely matching industry challenges, giving you increased close rate and gross profit opportunities. Because customers are paying more, they expect more. Convenient and flexible shopping & purchase options are more important than ever before.

43% of shoppers said they would purchase an entirely different vehicle than planned.⁴

This means you have more influence over their purchase.

Source: 1. Comscore data Q3 2021. Source: 2. Comscore data Q2 2022, and KBBcom traffic combined. Source: 3. CAI Data, VinSolutions June 2022 Source: 4. 2021 Cox Automotive Study





OUR DATA AND INSIGHTS PUT YOU IN CONTROL

When you partner with Cox Automotive you have the industry's best data and resources at your **fingertips**.

Let's take a closer look together at your approach and see if **YOU** are focusing on the right ways to enhance your approach.



Are You Optimizing your Listings for Relevant Searches?

For most consumers, listings are their first touch point with a vehicle. They're comparing descriptions, pictures, and prices with other vehicles (aka your competitors). And an informative, accurate and appealing listing is your opportunity to make a positive customer connection and drive consideration of your vehicles. In fact, it can be your competitive advantage.

When you partner with Cox Automotive you have the industry's best data and resources at your fingertips. Let's take a closer look together at your approach and see if YOU are focusing on the right ways to enhance your approach.

CHECK OFF THE STRATEGIES BELOW YOU ARE ALREADY USING:

- ☐ Are you including a **retail price** and **MSRP** on new vehicles?
- □ Are you using 10+ high-quality photos of the actual vehicle instead of stock photography to aid in engagement and interest?
- ☐ Do you include a **video** or **SnapLot 360** to your listings?
- □ Do your listings feature engaging, short videos of both the interior and exterior of the vehicle to give insight to price?
- Do you have **protocols** to ensure all vehicle options and features are represented so that **keyword searches** filter them? Ex: (i.e. sunroof, heated seats, or Apple CarPlay)
- □ Is your team making sure content is available within 24 hours of listing the car, including replacing your "image coming soon" message?
- □ Are you competitively pricing your vehicles based on your market and seeing how your prices compare to the Fair Market Range zones?

THE DEAL DOERS SOLUTION

Are you utilizing nVision's Analyze Live reporting to maximize your listings' performance?

nVision, Cox Automotive's exclusive digital marketing analytics dashboard, provides an <u>Analyze Live</u> report where you can update or enhance your listings to increase shopper engagement, allocate more weight to listings that are performing well, and optimize your reach with location based-information.





ARE YOU FOLLOWING BEST PRACTICES TO BOOST CONVERSIONS?

When you're getting ready to list your cars both on third-party sites and your own website, it's essential to take a step back and assess how you're building your vehicle detail pages (VDPs) and consider they are optimized for today's customer experience. As consumers spend more and more of their shopping time on their sofas and visit fewer dealership lots, the quality of your VDPs and vehicle merchandising is increasingly important.

Creating a transparent digital experience that aligns with the in-person interaction builds customer trust and sets the stage for positive experience.

As more dealers are expanding inventory reach beyond your immediate market and DMA, your vehicle detail page (VDP) can make or break you. Optimize your digital curb appeal today and make your for-sale vehicles as attractive to customers as possible with the VDP best practices questions listed to the right. Make sure you're checking the boxes on this basic but critical component of online car shopping.

CHECK OFF THE STRATEGIES BELOW YOU ARE ALREADY USING:

- □ Are you walking the car yourself to include photos of any vehicle damage or specific details an inperson customer would pause to look at in your VDP?
- □ Are you including 360-degree spins and videos, especially considering 87% of customers find them important when shopping for a car online?¹
- □ Are your VDP descriptions readable, containing easy-to-understand, natural-spoken language?
- Do your VDP descriptions contain accurate, basic information (i.e., the year, make, model, trim level) and meaningful specs (i.e., sunroof, heated seats, and package details)?
- □ Does your VDP contain information about services that might set your dealership apart? (i.e., warranties, delivery services, certification details)
- Does your dealership use the description area to share why customers should buy from you?

THE DEAL DOERS SOLUTION

Make your dealership stand out with vehicle protection and home delivery badging.

Help shoppers buy with more confidence with free <u>Peace of Mind badging</u> on your listings. This helps dealers spread the word about their vehicle protection and purchase assurances programs across Autotrader and KBB.com.

Advertise your at-home delivery capability on your listings to promote your services and expand your sales footprint to help close more sales.







DOES YOU DEALERSHIP PROVIDE TRANSPARENT AND ACCURATE PRICING?

The price on your VDP/listing should be the price that the customer pays. Accurate and transparent pricing is key to customer trust.

The last thing you want is a customer backing out at the last minute because you're not being truthful in your pricing details, especially as more people (76%) are open to making a purchase 100% online.¹

It's more important than ever to advertise the services you offer.

THE DEAL DOERS SOLUTION

CONSUMER CONFIDENCE AND TRUST = BETTER ENGAGEMENT AND MORE LEADS

Autotrader clients with Dealertrack, did you know that you can personalize the pricing, finance and lease terms shoppers see on your listings?

CHECK OFF THE STRATEGIES BELOW YOU ARE ALREADY USING:

- Do you have an internal process to ensure **transparent pricing?**
- Do you include solutions and conveniences on your VDP?
- ☐ Is there a process in place to ensure solutions and conveniences offered, like **home delivery**, can be fulfilled at time of purchase?
- □ Are you transparent about additional fees or services included with a purchase from your dealership?

Customizing your Kelley Blue Book® My Wallet settings based on your dealership's specific pricing and payment options:



Prevents your shoppers from using default national averages that may be higher or lower than your actual rates to estimate their monthly payments.



Ensures you're providing consistent pricing information throughout the online to in-store shopping experience – helping to avoid pricing surprises and friction at the deal table.

The Kelley Blue Book® Price Advisor provides dealers with the ability to display trusted Kelley Blue Book vehicle valuations on their dealership website. This enables participating dealers to move beyond the pricing discussion, while providing your customers with the information they need to make a confident buying decision.









DO YOU OFFER A DIGITAL RETAILING OPTION?

More consumers are transacting fully online or are digitally assisted. So, it's important to offer some digital retailing solutions. In fact, 9 out of 10 consumers are more likely to buy from a dealership that offers at least one component of digital retailing. These customers are also more profitable and deliver a shorter customer experience.

CHECK OFF THE STRATEGIES BELOW YOU ARE ALREADY USING:

- Do you focus on your personalization insights to save you and the consumer time?
- □ Have you trained your staff to use the personalization insights you gain from thirdparty leads and have a process to use them once a buyer has established interest?
- Are you making it easy for potential buyers to see payment and financial details up front to make it more likely to close quickly and easily?
- Do you offer the ability for a purchaser to complete the **entire purchase online**, or have a plan to offer this in the future?

THE DEAL DOERS SOLUTION

Personalization saves everybody time — the consumer and the dealership.

Consumers want to quickly identify the right vehicle at a price and payment they can afford.

Making it easy for potential buyers to see payment and financing details up front using tools like <u>Autotrader's Accelerate</u> My Deal digital retailing can deliver leads that are more likely to close quickly and easily.

Autotrader offers 360-degree spins through our Snaplot 360 product with vAuto, as well as digital retailing solutions to help drive your business.





WE'RE YOUR PARTNER IN SUCCESS





Ready to empower your sales, retain more customers and increase your business?

If so, connect with one of our Autotrader team members **TODAY** so that you can continue to drive your dealership *forward* by clicking <u>HERE</u>.