

2021 PREDICTIONS

SIX PREDICTIONS FOR THE 2021 **AUTOMOTIVE MARKET**

Cox
AUTOMOTIVE

Research & Market Intelligence

ABOUT the Study

We interviewed:

1,000
Consumers age 18+

SURVEY FIELD DATES

December 3, 2020 – December 6, 2020

1,196
Dealers

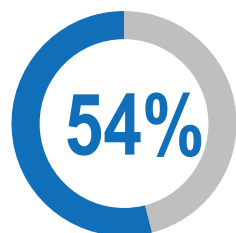
(967 franchised and 229 independent)

SURVEY FIELD DATES

November 30, 2020 – December 7, 2020

*As we head into 2021, the Cox Automotive team gave thought to the **leading trends** that will be impacting auto dealers and consumers in an uncertain year ahead. Influenced by an analysis of recent research, our team offers **six predictions** for the auto industry to watch for in the coming year.*

PREDICTION: Even with a Vaccine, Things Won't "Return to Normal" in 2021



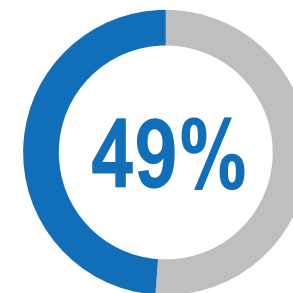
of consumers believe the U.S. will have a gov't-mandated lockdown in 2021 (vs. 37% of dealers)



Less than 1/3
of dealers & consumers think things will "go back to normal" in 2021



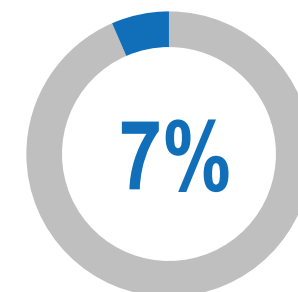
The Vaccine



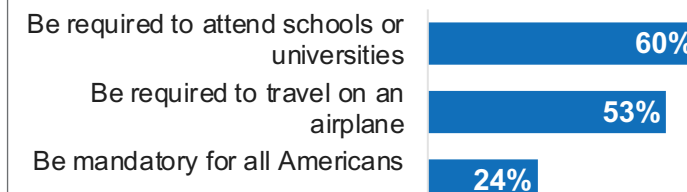
of consumers plan to get the COVID-19 vaccine in 2021...



...but only 7% think that the vaccine will eradicate the virus for good



% of Consumers who think the vaccine will...



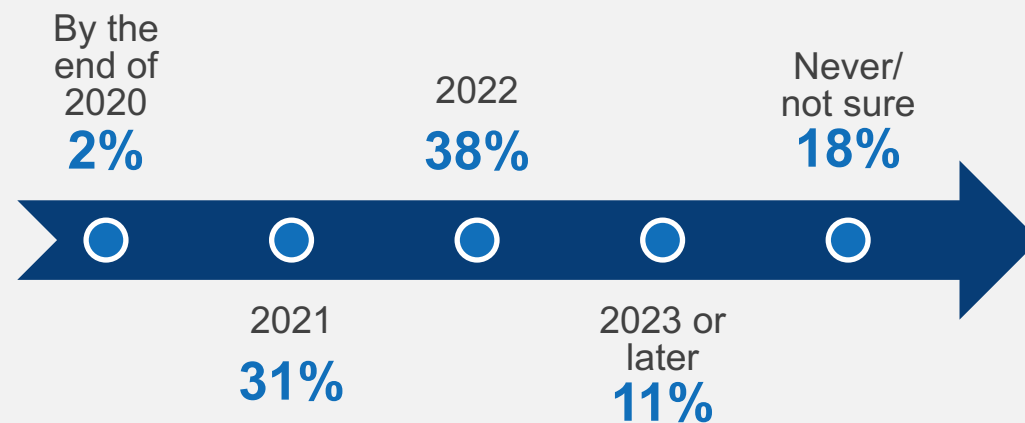
87%

of consumers believe social distancing and mask policies will continue to be the norm in 2021

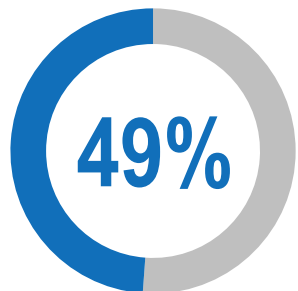
67%

of consumers believe people will still wear masks even if the vaccine is widely available

When do consumers think COVID-19 will be over in the U.S.?

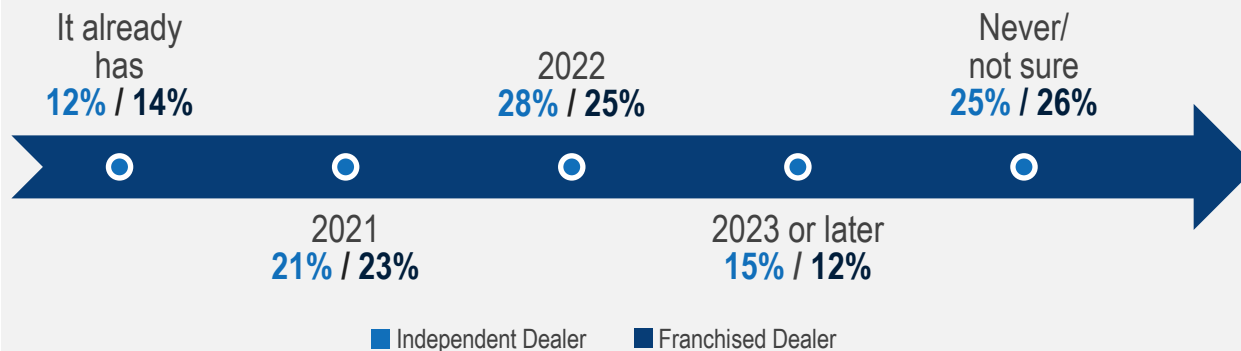


PREDICTION: Auto Industry Will Emerge Stronger from Pandemic



of franchised dealers think their dealership will be **very profitable** in **2021** (compared to 33% of independent dealers)

When do dealers think auto sales will get back to 2019 levels?

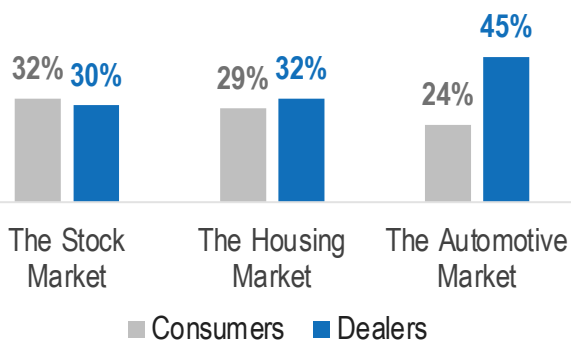


OEM Relationship in 2021

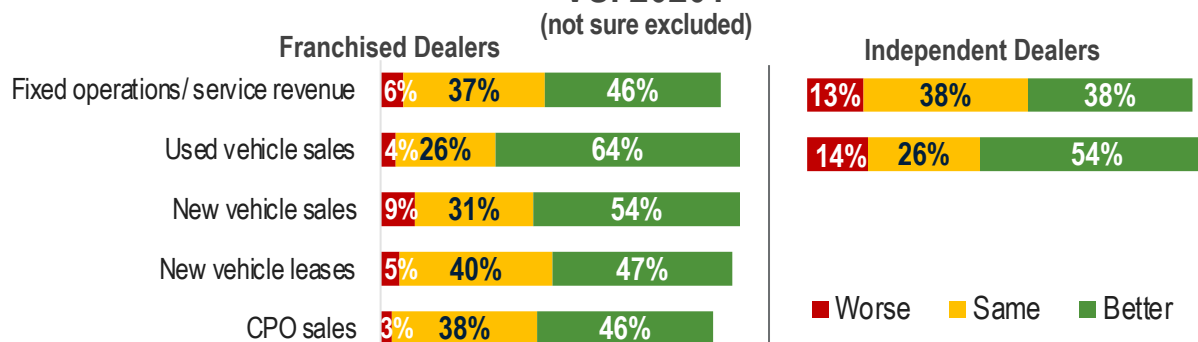
35%

of franchised dealers **will be more reliant on their OEM** in 2021 to stay profitable

% that think these markets will be better in 2021 than in 2020



HOW WILL THESE FARE FOR YOUR DEALERSHIP IN 2021 VS. 2020?

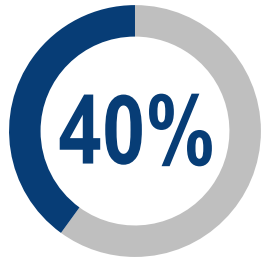


27%

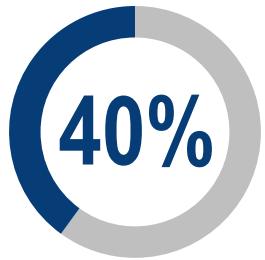
of franchised dealers **think their relationship with their OEM will be BETTER** in 2021 compared to 2020

PREDICTION: Inventory Will Remain Tight Through 2021

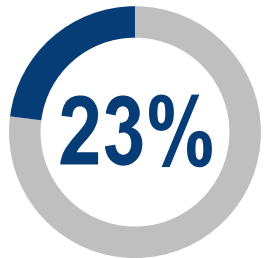
FRANCHISED DEALERS



We predict **our dealership** will return to pre-pandemic inventory levels in 2021

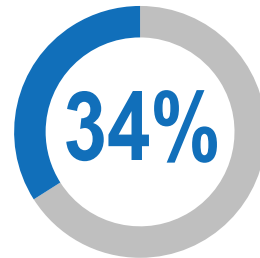
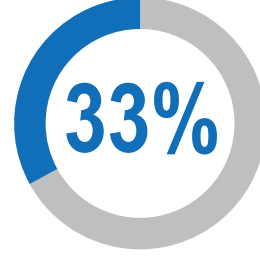
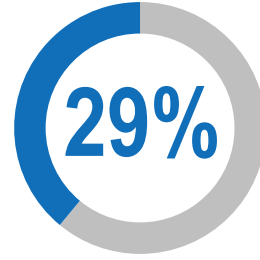


We believe the percentage of used inventory we acquire through digital tools vs. in-person will grow significantly in 2021



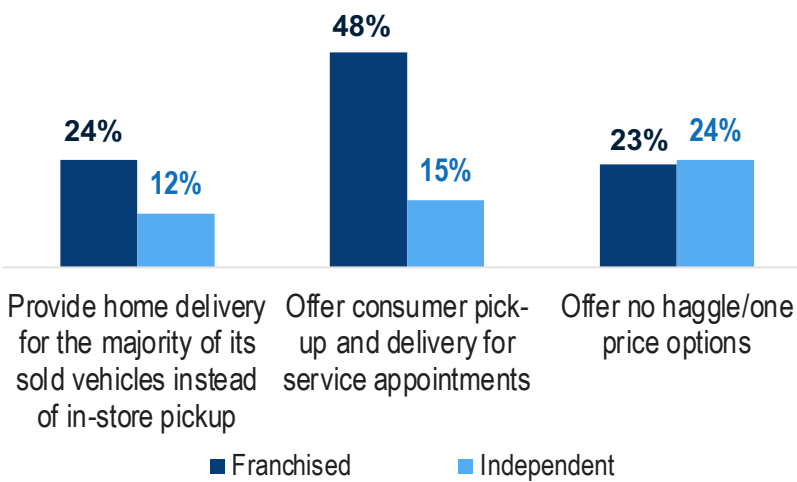
We predict **our dealership** will still be negatively impacted by low wholesale inventory in 2021

INDEPENDENT DEALERS

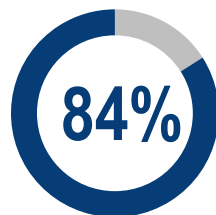


PREDICTION: 2021 is the Tipping Point for Digital Retailing

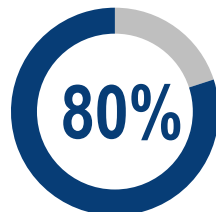
WHAT DO YOU THINK YOUR DEALERSHIP WILL DO IN 2021?



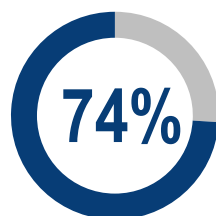
9 out of 10
dealers & consumers believe **consumers will do much more shopping online** in 2021 instead of physically going to stores for routine household purchases



of franchised dealers agree that their **customers expect to complete more of the purchase process online** than ever before



of franchised dealers **plan to offer more parts of the vehicle purchase process online** in the next 1-2 years



of franchised dealers agree that **dealerships won't be able to survive in the long run if they don't adopt digital retailing**

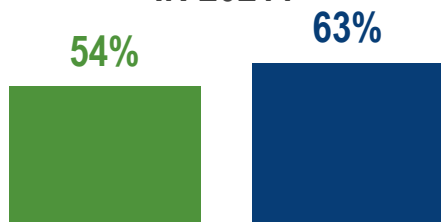
45%

of franchised dealers believe their OEM will **require them to update their software and/or processes** to better accommodate digital/online transactions



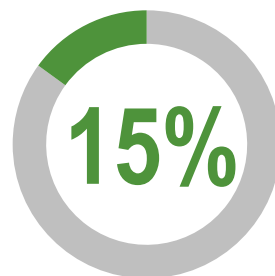
PREDICTION: New Competition in the EV Market will Slow Tesla's Growth

WHAT DO YOU BELIEVE COULD HAPPEN IN 2021?



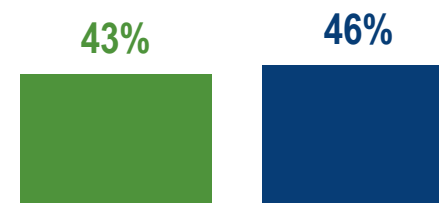
A new electric vehicle startup will come on the scenes and rival Tesla

■ Consumers ■ Dealers



of (non-Tesla) dealers believe **Tesla will be the most successful brand of the next decade**

WHAT DO YOU BELIEVE COULD HAPPEN IN 2021?



An existing OEM will sell more electric vehicles than Tesla

■ Consumers ■ Dealers

30%

(franchised)

7%

(independent)

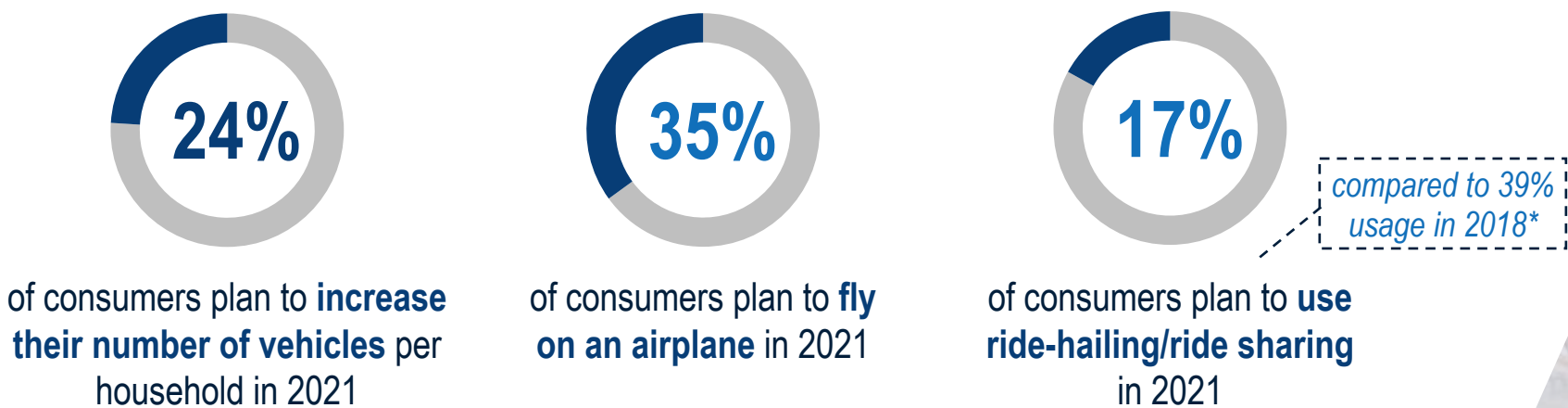
% of dealers who will **invest in upgrading their facilities to prepare for increased electric vehicle sales** in 2021



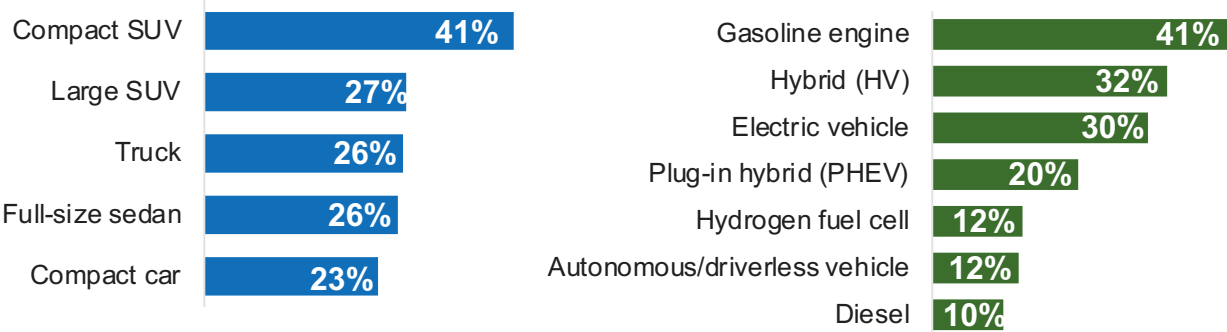
41%

of dealers and consumers expect **more states to adopt mandates that stipulate only electric vehicles sales** in the future

PREDICTION: In 2021, Vehicle Ownership Increases, Ride-Sharing & Ride-Hailing Declines



% OF CONSUMERS WHO SAY THEY ARE MORE LIKELY TO CONSIDER THESE VEHICLE TYPES IN 2021



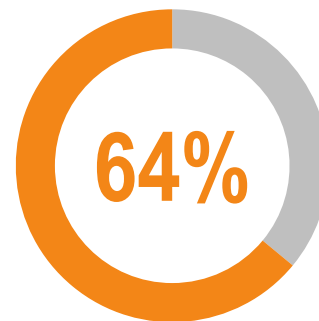
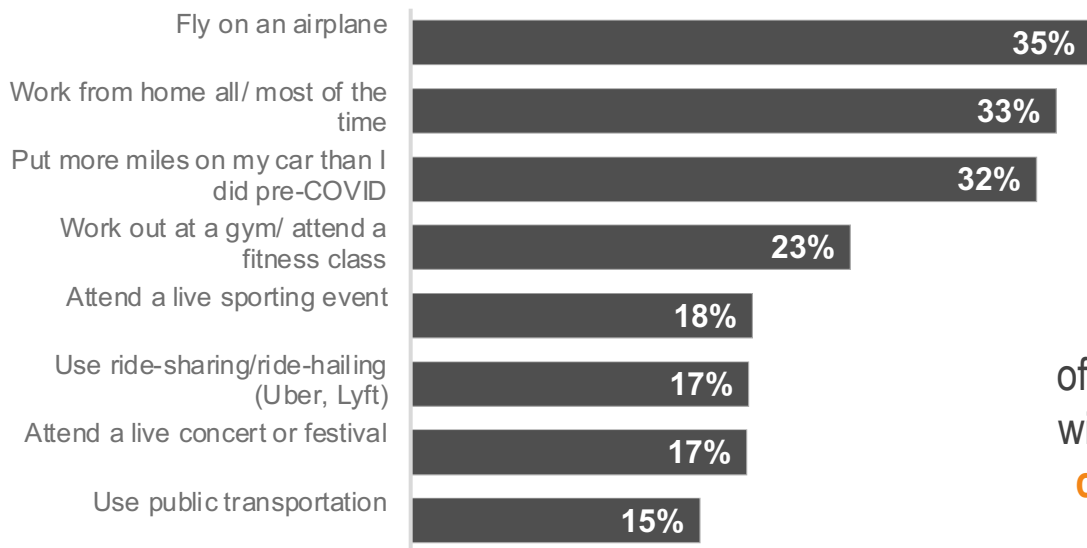
ADDITIONAL INSIGHTS

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HOW WILL CONSUMERS BEHAVE IN 2021?

WHAT DO YOU THINK YOU'LL DO IN 2021?



of consumers agree they will **only get take-out or cook at home** in 2021

93%

of dealers and consumers believe consumers will continue to expect **strict cleanliness and sanitization** from businesses in 2021

35%

of consumers believe **confirmation their vehicle has been sanitized** is important when thinking about their next vehicle

22%

of consumers are **looking for an anti-microbial interior** when thinking about their next vehicle



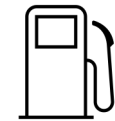
WHAT WILL HAPPEN WITH THE ECONOMY IN 2021?

Only 18%

of consumers think **there will be MORE unity in the U.S.** in 2021

19%

of dealers believe **less trade tensions will help in the flow of global supply** (vehicle and parts inventory) and pricing stability in 2021



50%

of consumers believe **gas prices will increase** in 2021

23%

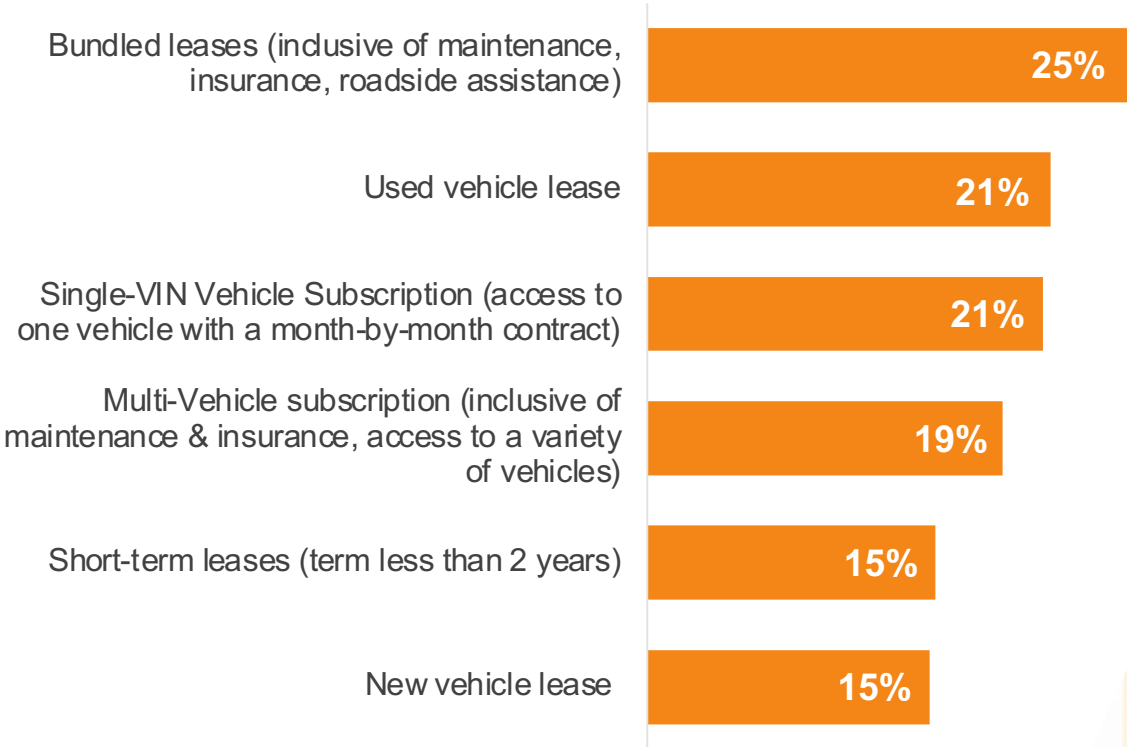
of dealers believe **changes to the US tax code will have a negative impact on their dealerships business** in 2021

40%

consumers that believe **they will pay more in taxes in 2021** based on changes to the tax code

WHAT WILL CONSUMERS CONSIDER IN 2021?

% OF CONSUMERS WHO SAY THEY ARE MORE LIKELY TO CONSIDER THESE PURCHASE ALTERNATIVES IN 2021



HOW IMPORTANT ARE THESE FACTORS WHEN THINKING ABOUT YOUR NEXT VEHICLE?

- ✓ Creature comforts (heated/cooled seats, touch screen, etc.) --- 63%
- ✓ Digital keys (ability to unlock with smartphone) ----- 47%
- ✓ In-vehicle technology/ infotainment ----- 44%
- ✓ Confirmation the vehicle has been sanitized ----- 35%
- ✓ Alternative fuel (hybrid, electric, etc.) ----- 35%
- ✓ Autonomous features (self-driving, self-parking) ----- 23%
- ✓ Anti-microbial interior ----- 22%

