

AUSTRALIA DEALER SENTIMENT INDEX

HALF ONE

— 2018 —

Cox
AUTOMOTIVE™



AUSTRALIAN
AUTOMOTIVE
DEALER
ASSOCIATION

BACKGROUND

Data for the Cox Automotive Australia Dealer Sentiment Index research is gathered via an online survey of Private and Publicly Listed Franchise auto dealers.

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 H1 results are based on 92 dealer respondents. The survey was conducted from August 6th to August 24th, 2018.

The Cox Automotive Australia Dealer Sentiment Index was introduced in Q3 2018 by Cox Automotive, in conjunction with the Australian Automotive Dealer Association. This is the first published report.



KEY TAKEAWAYS

Dealers in the first six months of 2018 have a low to moderate reaction to the current market with an indexed score of 36. However, future projections (6 months from now) are stronger with an indexed score of 41.

Customer traffic and profits are also below the threshold of 50 with scores of 32 and 30 respectively. Costs of running the dealership over the past 6 months and pressure to lower prices could, in part, be driving some of these lower scores as both metrics lean toward growing.

Dealers have a negative view on current new vehicle sales with an indexed score of 28 but new vehicle inventory levels are growing. Ratings for used vehicle sales and inventory levels are more moderate with indexes just below 50.

Profitability of the dealership's F&I department is on the lower side with a score of 33, while scores for Parts and Service departments' are more positive (59 and 66).

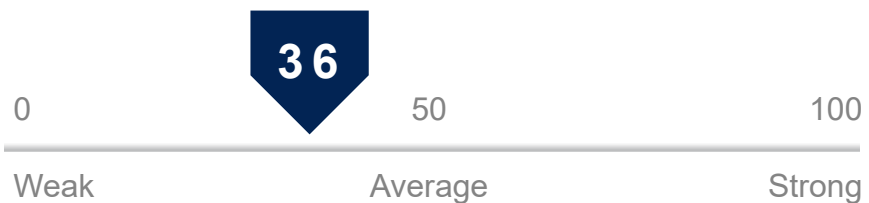
Dealership's ability to get credit receives a positive score of 57, as well as current fixed capital investment levels (index of 67).




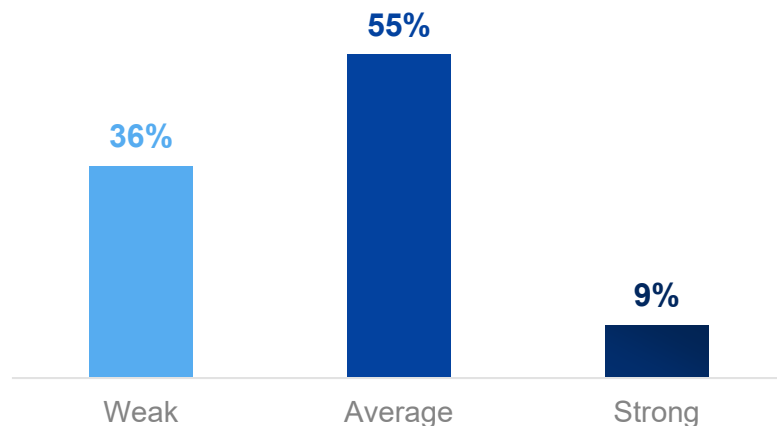


- DE1 -

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

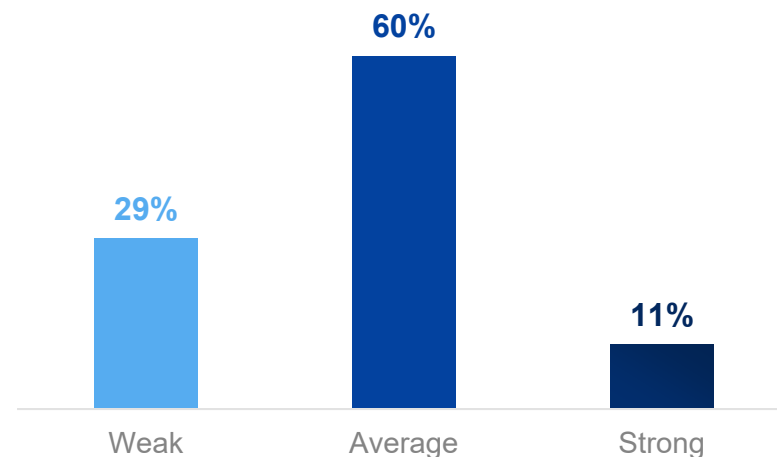
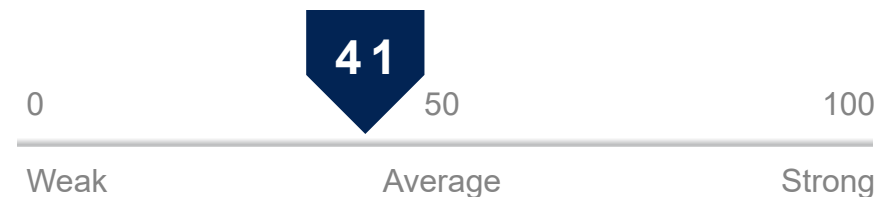


 Significantly higher among Single Franchise Dealers (46 vs. 32 Multi Franchise)



- DE2 -

What do you expect the market for vehicles in the areas where you operate to look like 6 months from now?

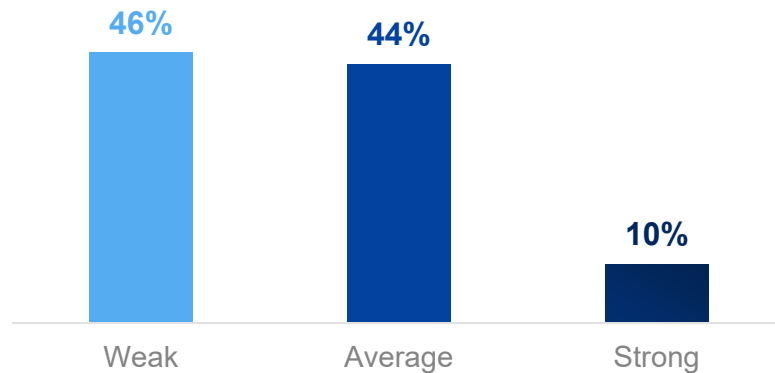
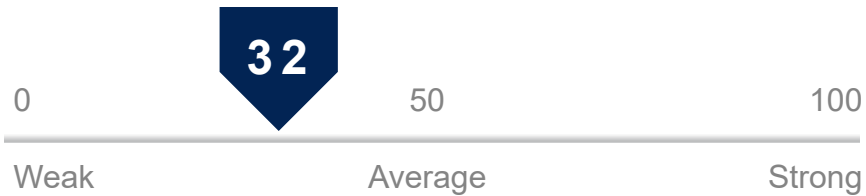


Note: Don't know responses excluded



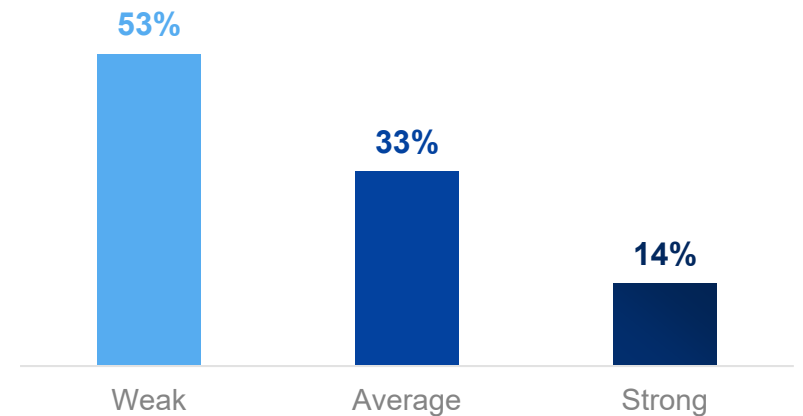
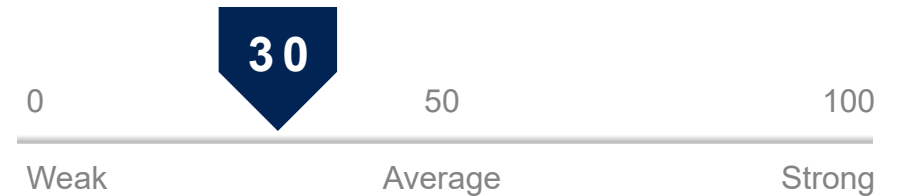
- F1 -

How do you rate the customer traffic to your dealership over the past 6 months?



- F2 -

How would you describe your profits over the past 6 months?

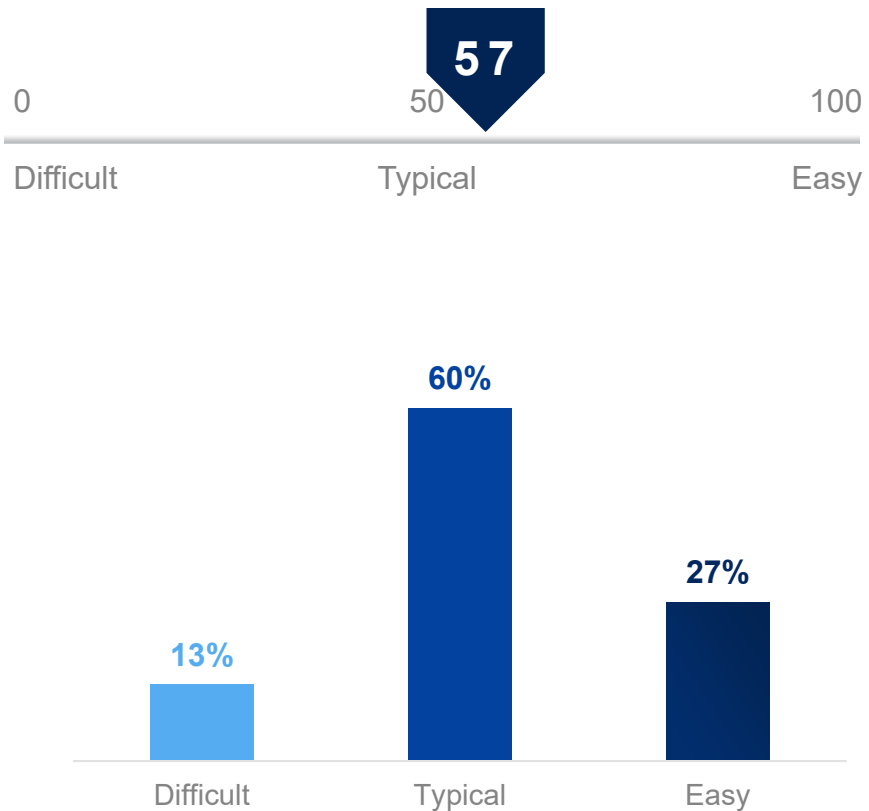


Note: Don't know responses excluded



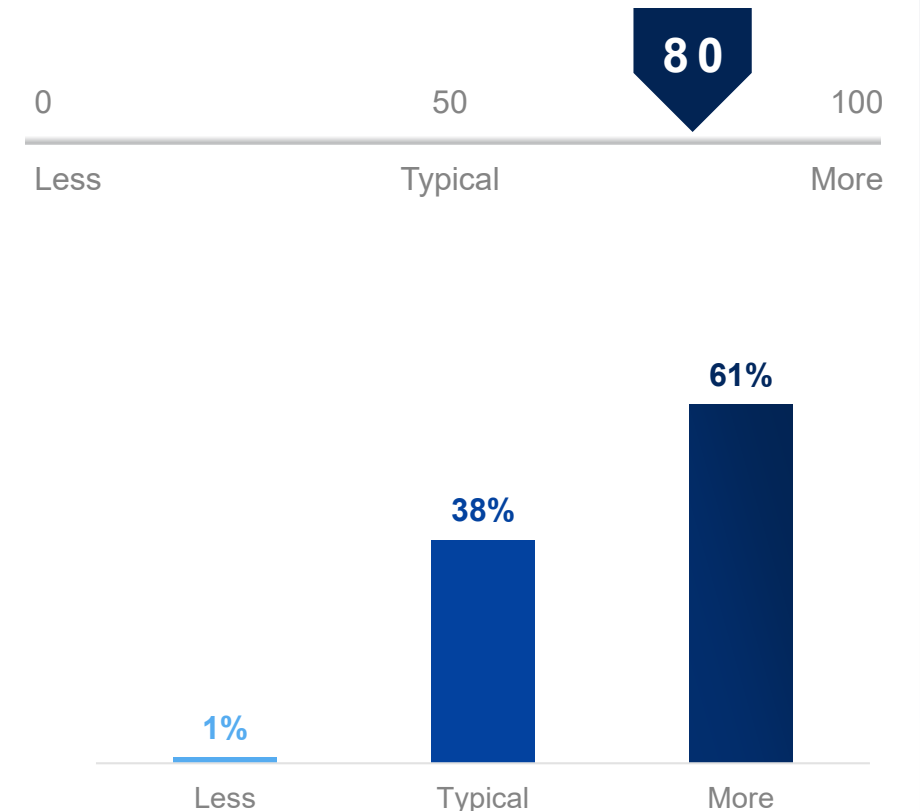
- F3 -

How would you describe your ability to get credit to operate your business over the past 6 months?



- F7 -

How much pressure do you feel to lower your prices?

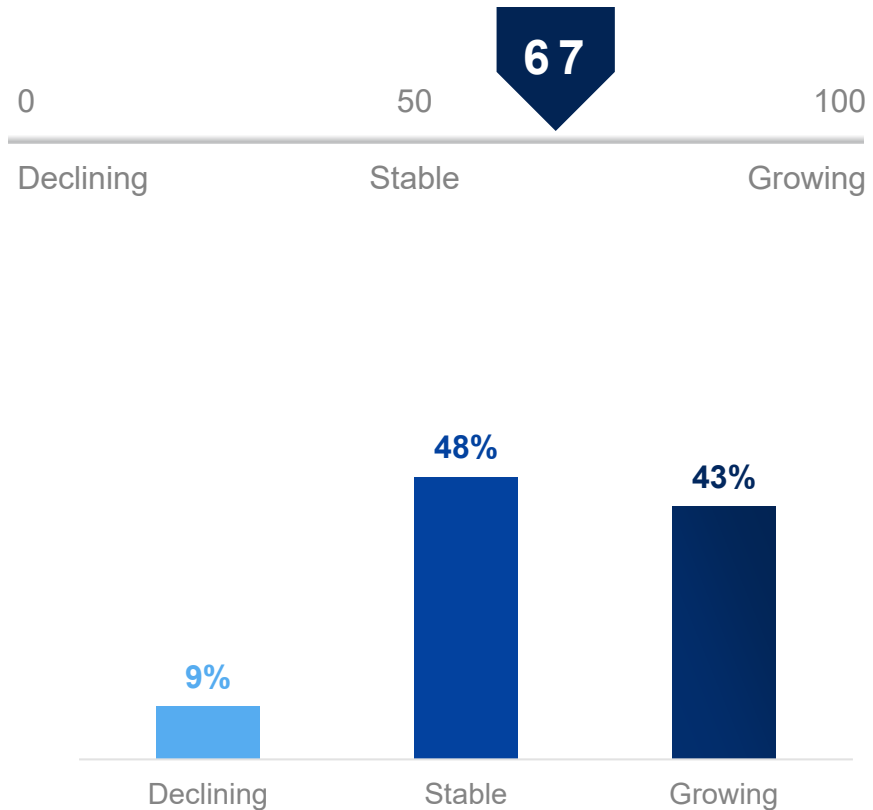


Note: Don't know responses excluded



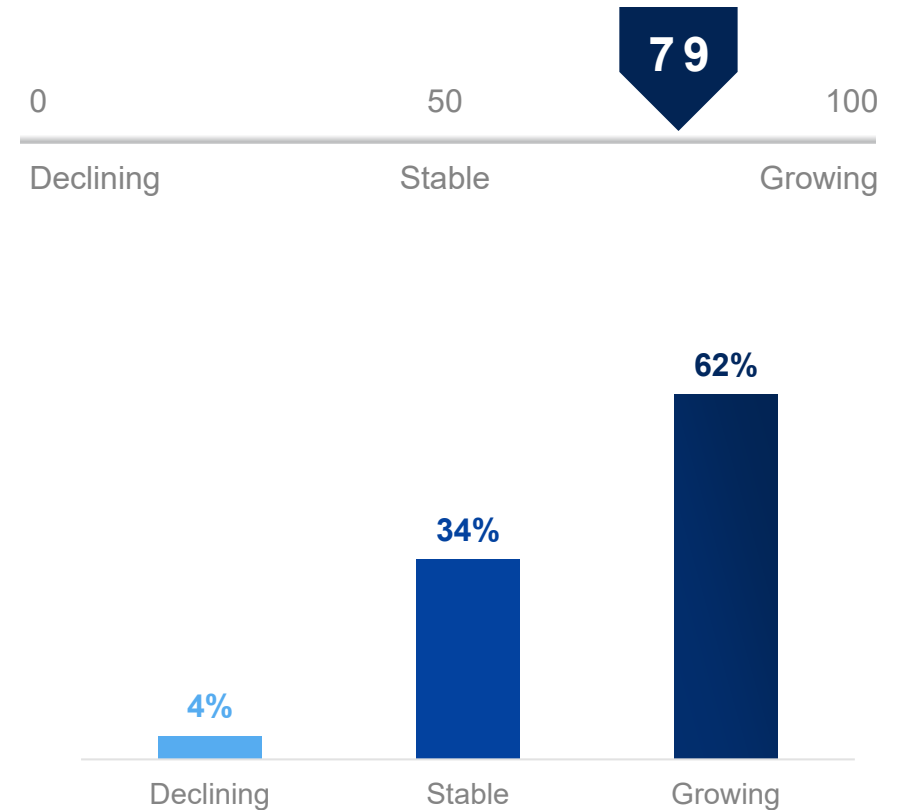
- F4a -

How would you describe your dealership's current fixed capital investment levels?



- F4 -

How would you describe the costs of running your dealership over the past 6 months?

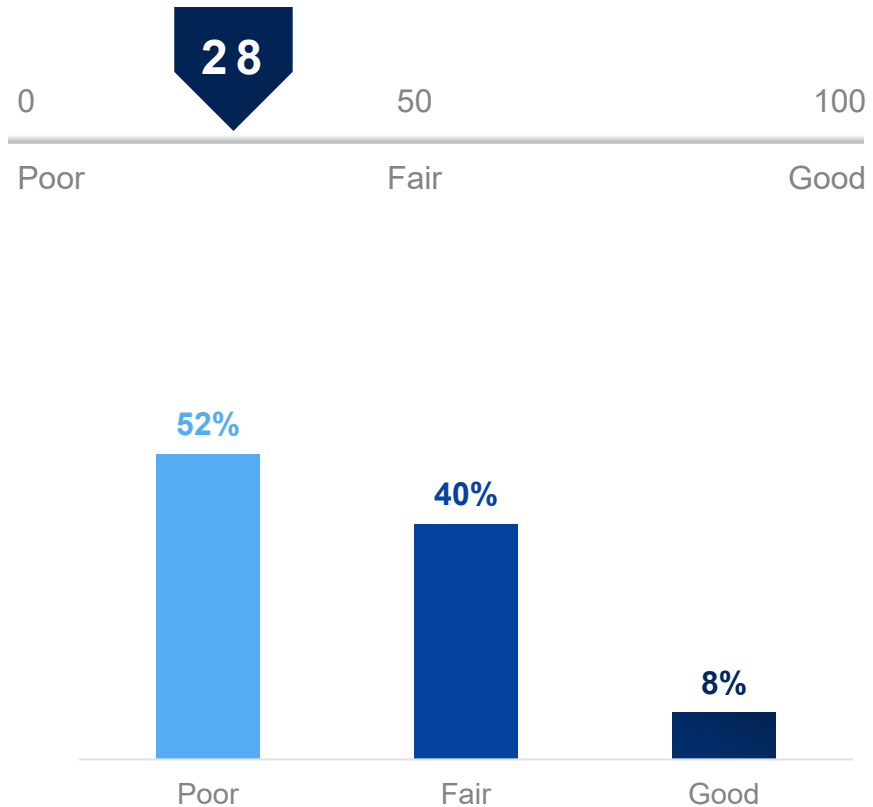


Note: Don't know responses excluded



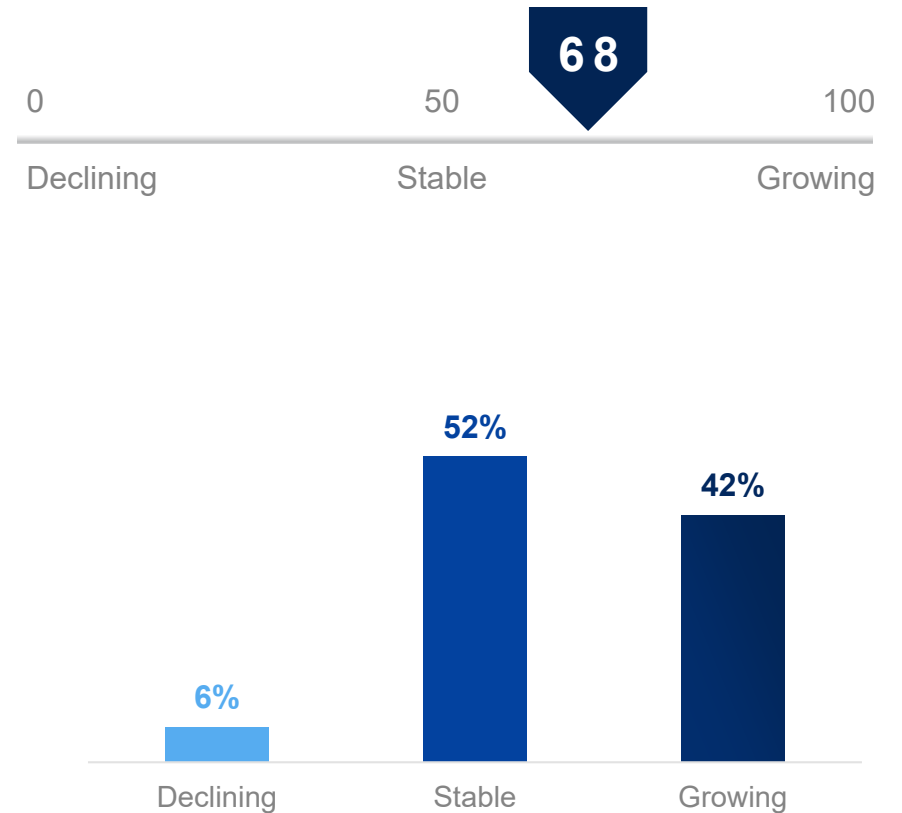
- F5 -

How would you describe the current new vehicle sales environment?



- F5a -

How would you describe your dealership's current new vehicle inventory levels?

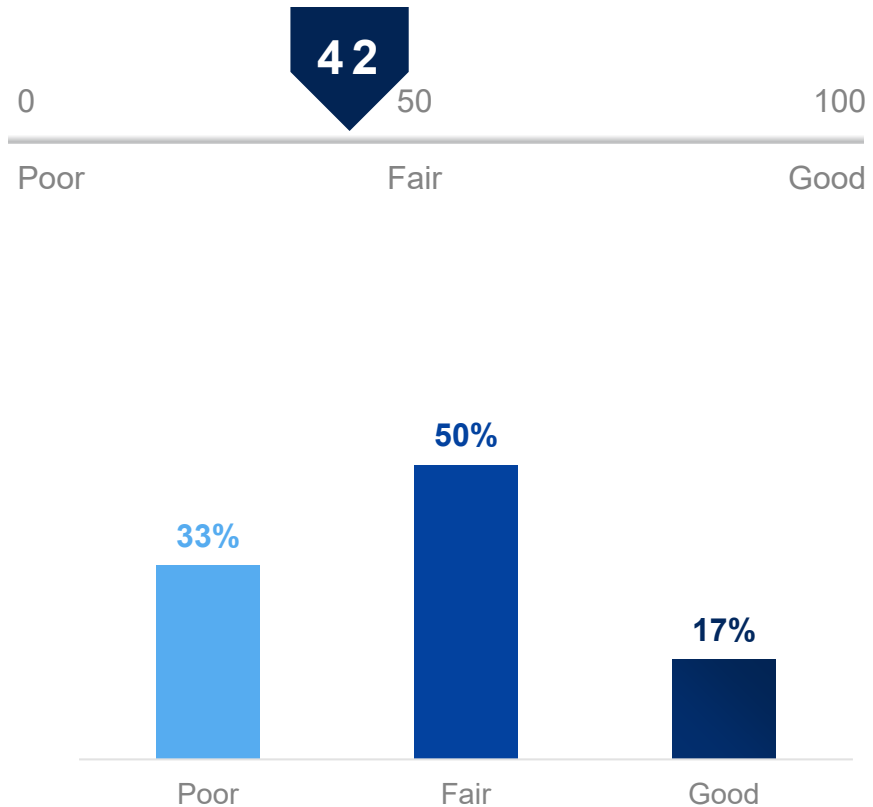


Note: Don't know responses excluded



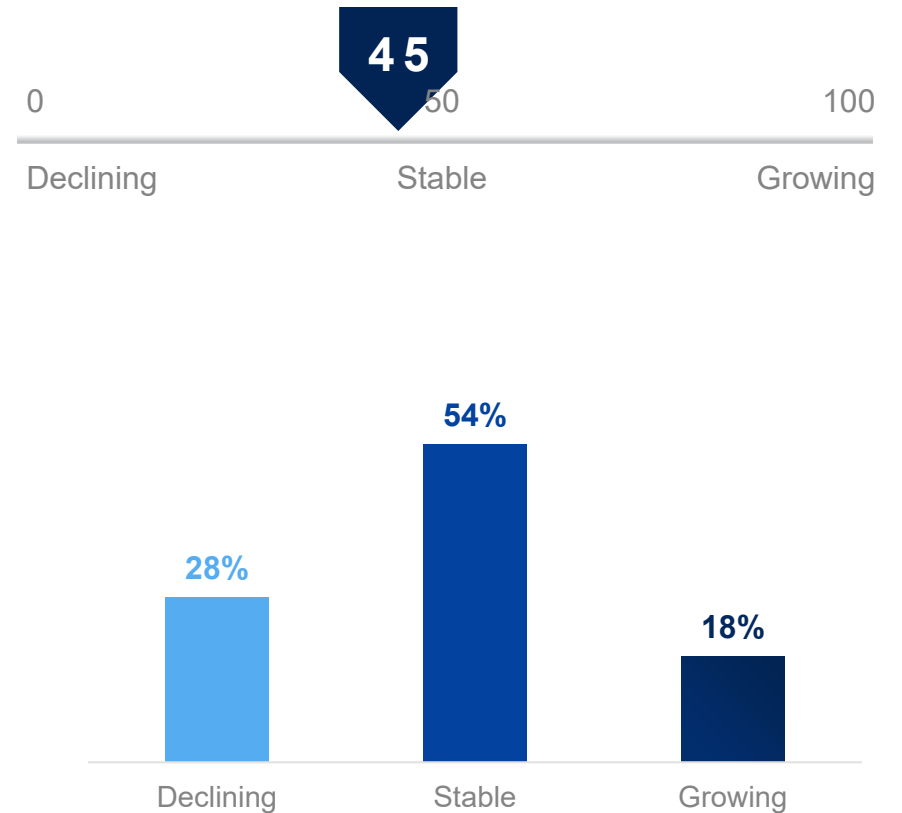
- F6 -

How would you describe the current used vehicle sales environment?



- F6a -

How would you describe your dealership's current used vehicle inventory levels?

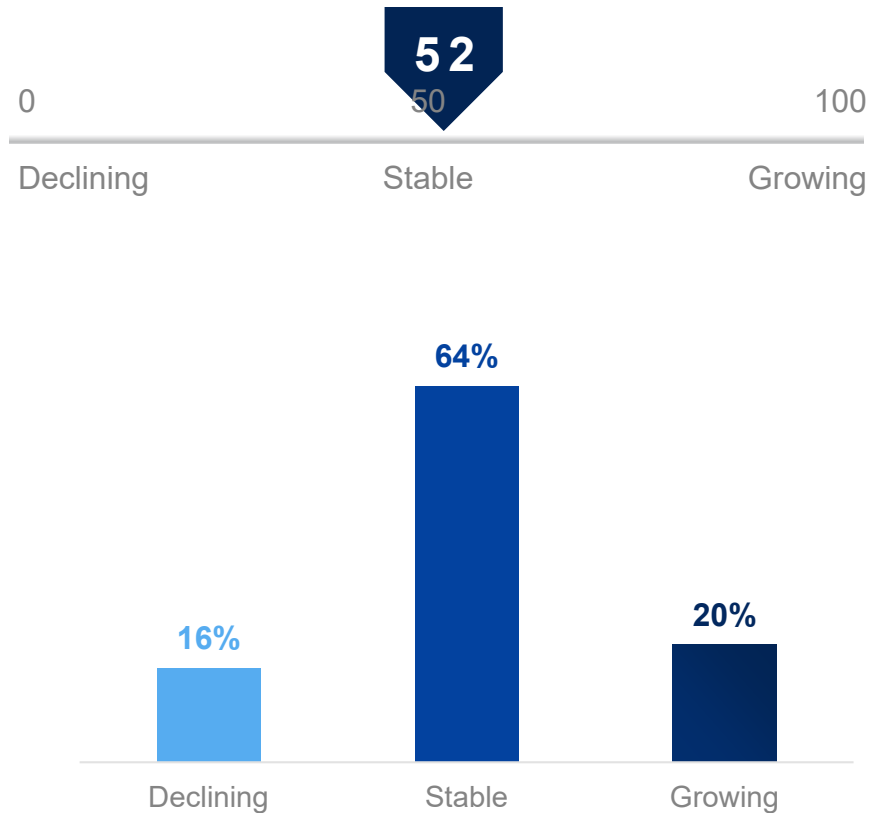


Note: Don't know responses excluded



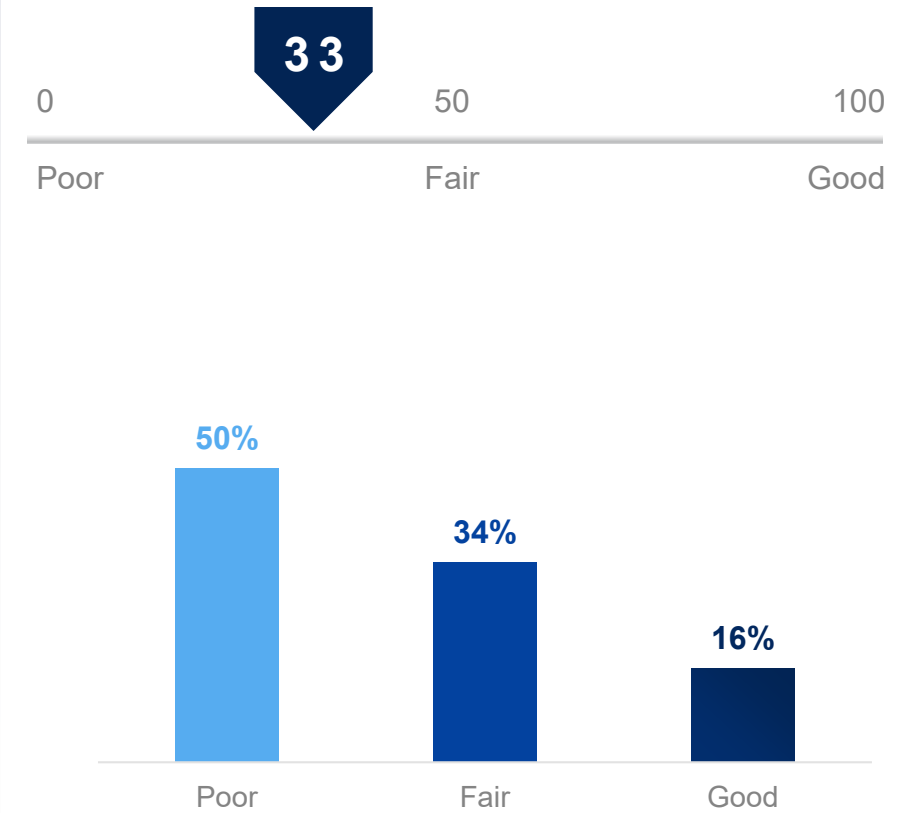
- F8 -

How would you describe your dealership's current staffing level?



- F9 -

How would you describe the profitability of your dealership's F&I department?

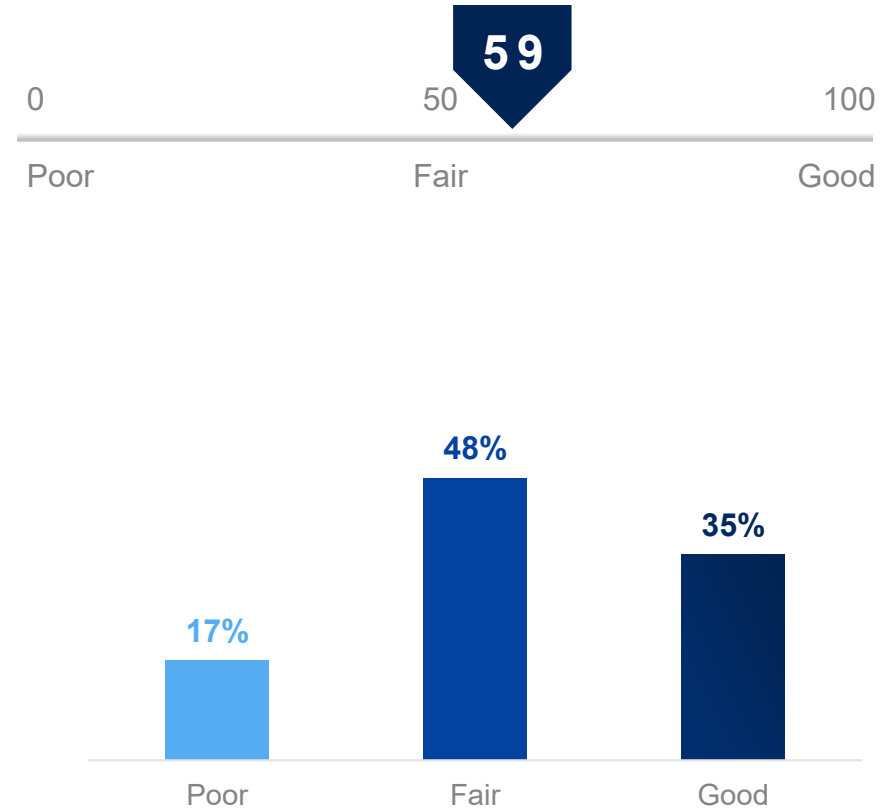


Note: Don't know responses excluded



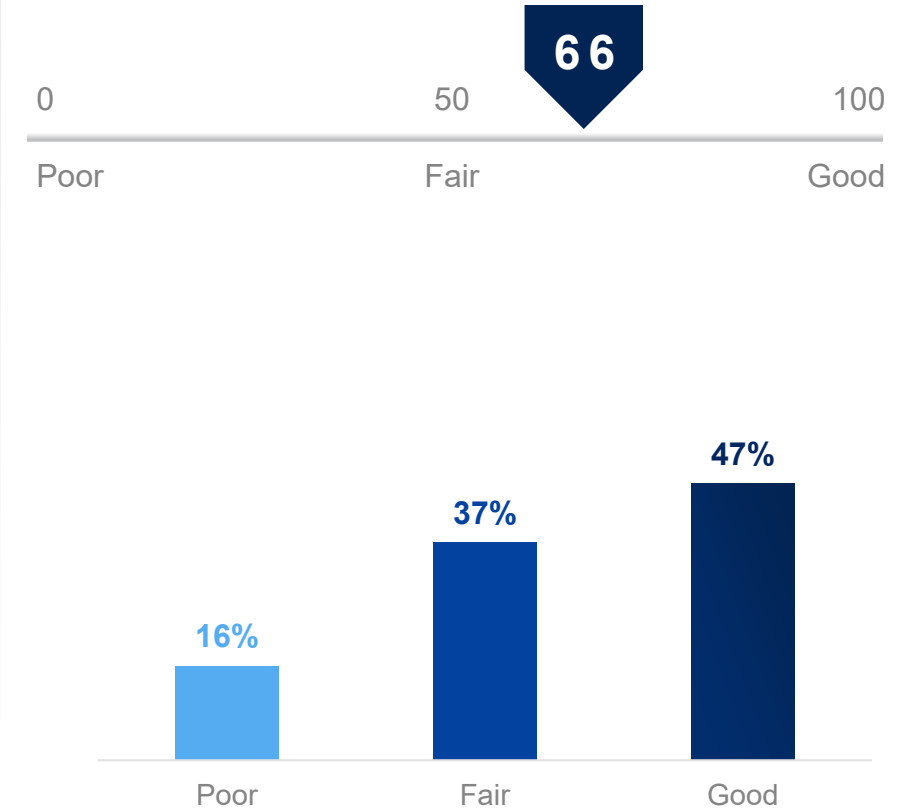
- F10 -

How would you describe the profitability of your dealership's Parts department?



- F11 -

How would you describe the profitability of your dealership's Service department?



Note: Don't know responses excluded



What Are The Top Factors Holding Your Business Back?

OVERALL RANK

1	Margin compression	73%
2	Consumer confidence	54%
3	Expenses	52%
4	Market conditions	51%
5	OEM mandates/restrictions	49%
6	Competition	47%
7	Credit availability for consumers	40%
7	Regulations	40%
9	Too much retail inventory	37%
10	Vehicle affordability (taxes, tariffs & stamp duty)	23%
11	Staff turnover	17%
12	Consumer transparency in pricing	13%
13	Limited inventory available for sale	11%
13	Dealership systems/tools	11%
15	Credit availability for business	9%
16	Interest rates	5%

 More of an issue for **Multi Franchise Dealers**

 More of an issue for **Single Franchise Dealers**

MORE INFORMATION

For more information about this survey or if you have any questions, please contact:

Mathew McAuley
Director of Marketing & Communications
Cox Automotive Australia & NZ

e: mathew.mcauley@coxautoinc.com.au

p: +61 3 9922 6293 | **m:** +61 419 333 696

