

COX AUTOMOTIVE

# DEALER SENTIMENT INDEX

SECOND QUARTER 2024



# 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 Q2 2024 CADSI is based on 1,026 U.S. auto dealer respondents, comprising 550 franchised dealers and 476 independents. The survey was conducted from April 23 to May 7, 2024.
- The next quarterly report will be released in September 2024. The CADSI was first published in Q2 2017.

## Key Takeaways: Q2 2024

The Q2 2024 Cox Automotive Dealer Sentiment Index (CADSI) reveals a stable yet uncertain market environment for U.S. auto dealers. The current market index score of 42 indicates that most dealers perceive today's auto market as weak. This sentiment has remained consistent with Q1 and shows a decline year over year from 45. Dealers' expectations for the next three months have also dropped, with the market outlook index falling from 51 to 44, driven by a weaker-than-normal tax refund season and political/economic uncertainty.

Cox Automotive Chief Economist Jonathan Smoke noted, "There is a lot of uncertainty in this market, leaving consumers and dealers alike unsure of the road ahead. On top of uncertainty about interest rates, we are heading into an election season, which always breeds more concern. In the auto business, uncertainty is the enemy – it negatively impacts sales, hurts consumer

sentiment, and leaves auto dealers feeling troubled."

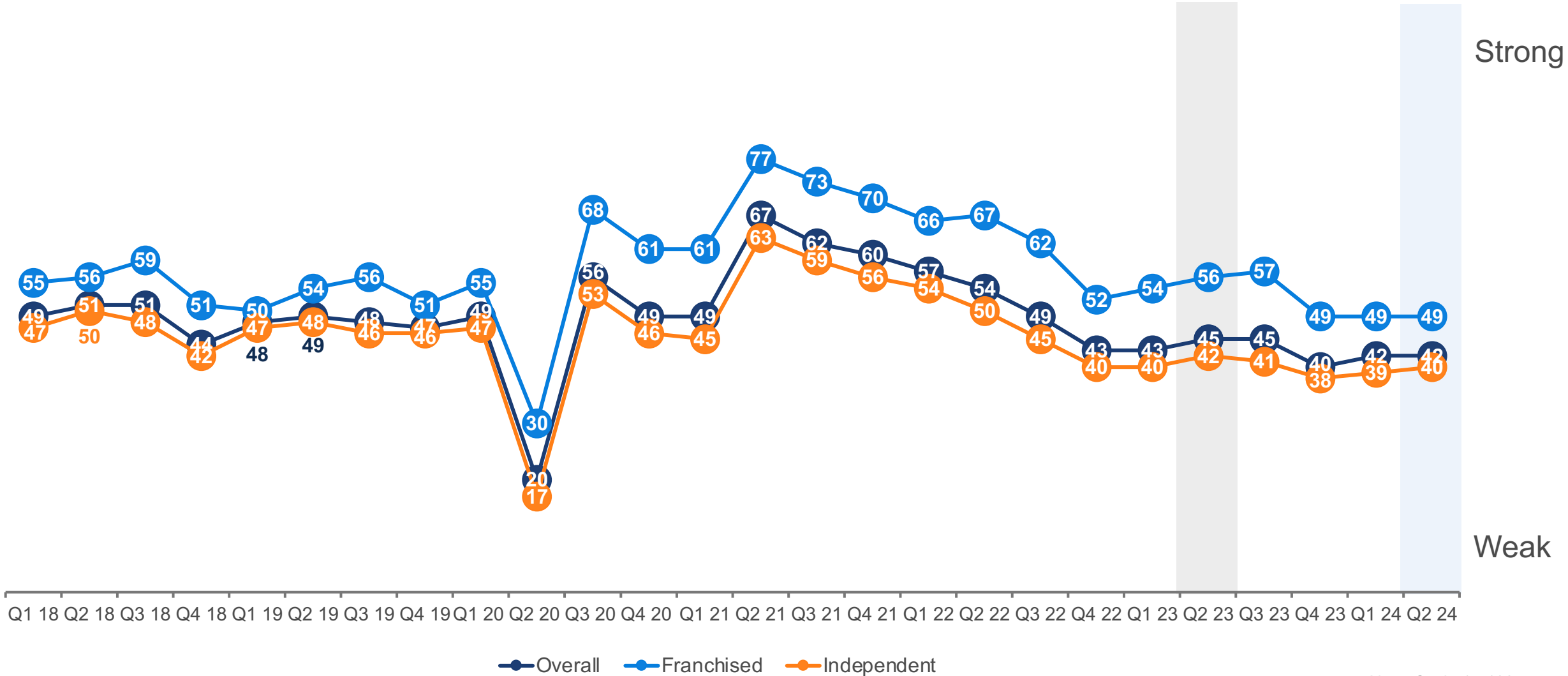
Despite the overall weak market sentiment, there are positive signs. The overall profit index saw its first increase since Q3 2021, climbing to 36, while customer traffic – both online and in-person – improved from Q1.

Cost pressures remain a challenge, however, with the cost index reaching an all-time high, and price pressure at 65, reflecting dealers' struggle to balance consumer demands and incentives. The new-vehicle sales index improved for the second consecutive quarter to 53, and new-vehicle inventory levels remained strong in Q2. The incentive index, however, is still below pre-pandemic levels at 34, suggesting dealers still view incentives as small. Conversely, the used-vehicle market continues to struggle, with an index score of 42, despite a slight improvement.

Sentiment about electric vehicle (EV) sales fell to a new low in Q2. When asked how EV sales compare to one year ago, the index score came in at 41, one point below Q1. However, expectations for the future EV market improved in Q2, increasing from 36 to 39. Still, the score suggests that most dealers think the EV market will be declining, not growing, three months from now.

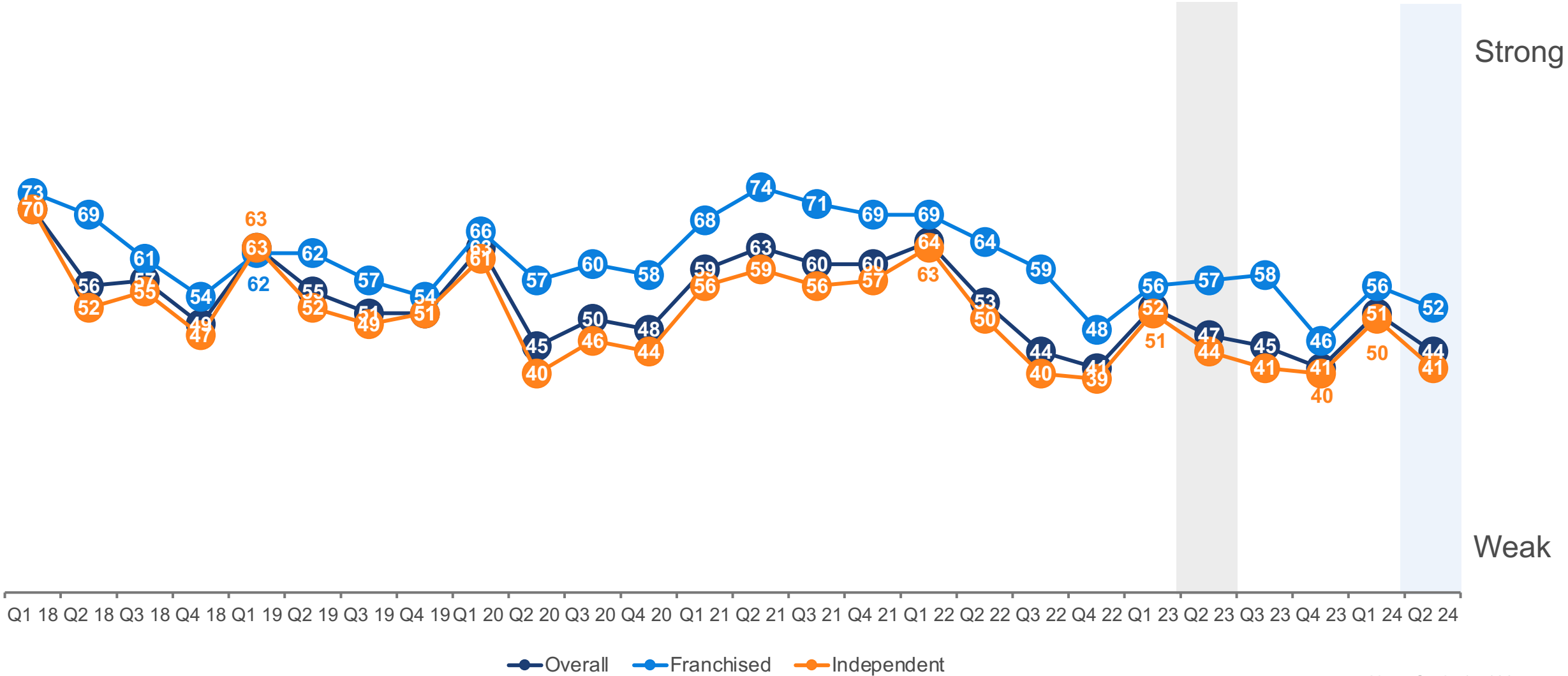
When asked about factors holding back their business, auto dealers in Q2 remained focused on Interest Rates, the Economy, and Market Conditions, respectively, with minimal change from Q1 and one year ago. However, as the U.S. presidential election in November approaches, Political Climate continues to increase as a factor impacting business. Political climate concerns are now cited by 36% of dealers as a major factor holding back business, with franchised dealers expressing more concern than independents.

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



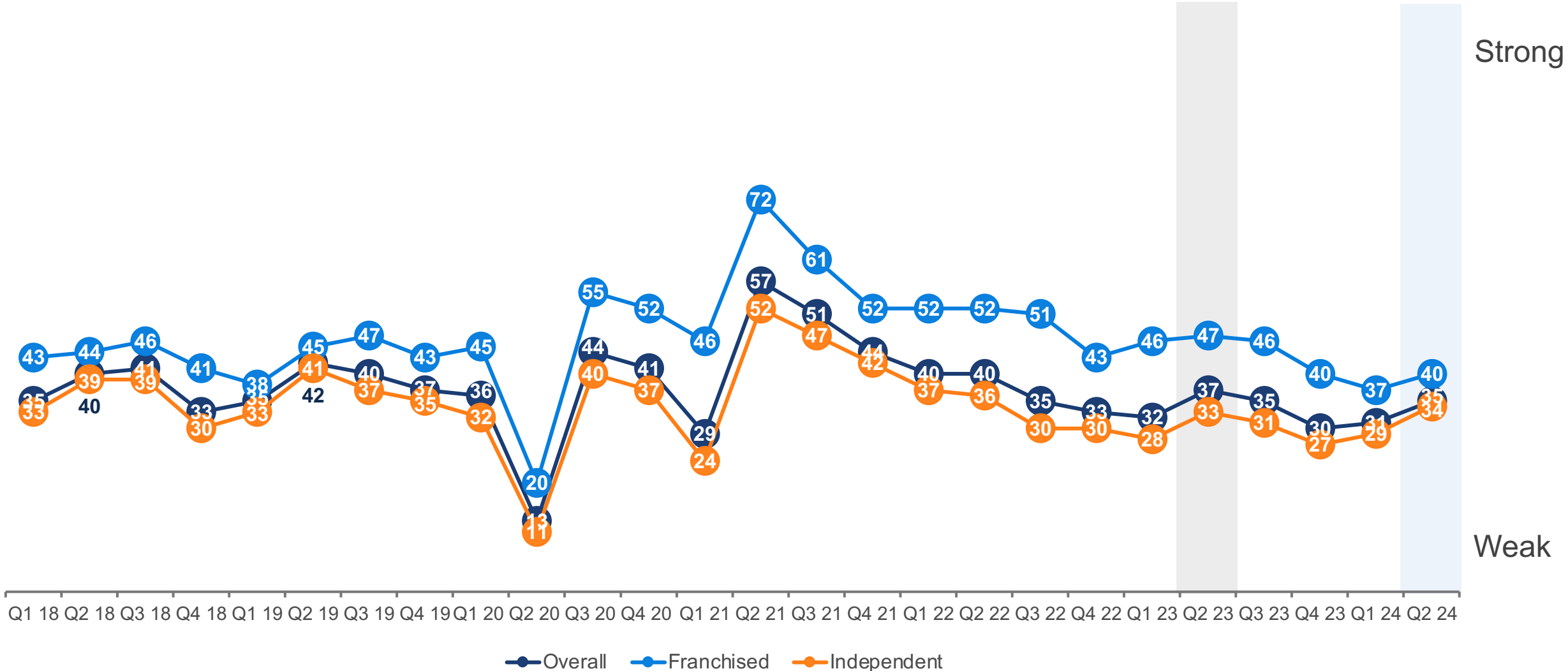
Note: Scale 1 - 100

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



Note: Scale 1 - 100

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

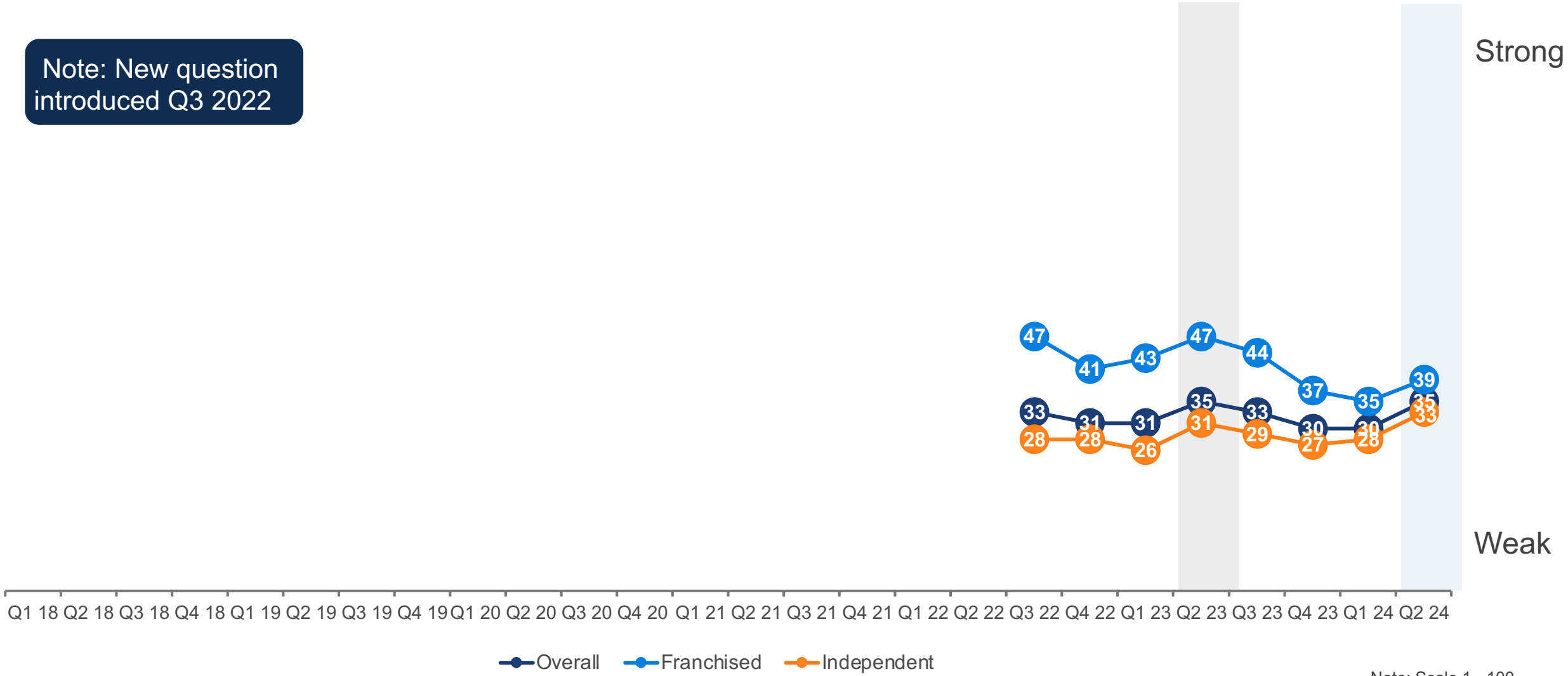


Note: Scale 1 - 100

# Q3A: How do you rate the in-person customer traffic to your dealership over the past 3 months?

Note: New question introduced Q3 2022

## Dealer Sentiment Index SECOND QUARTER 2024

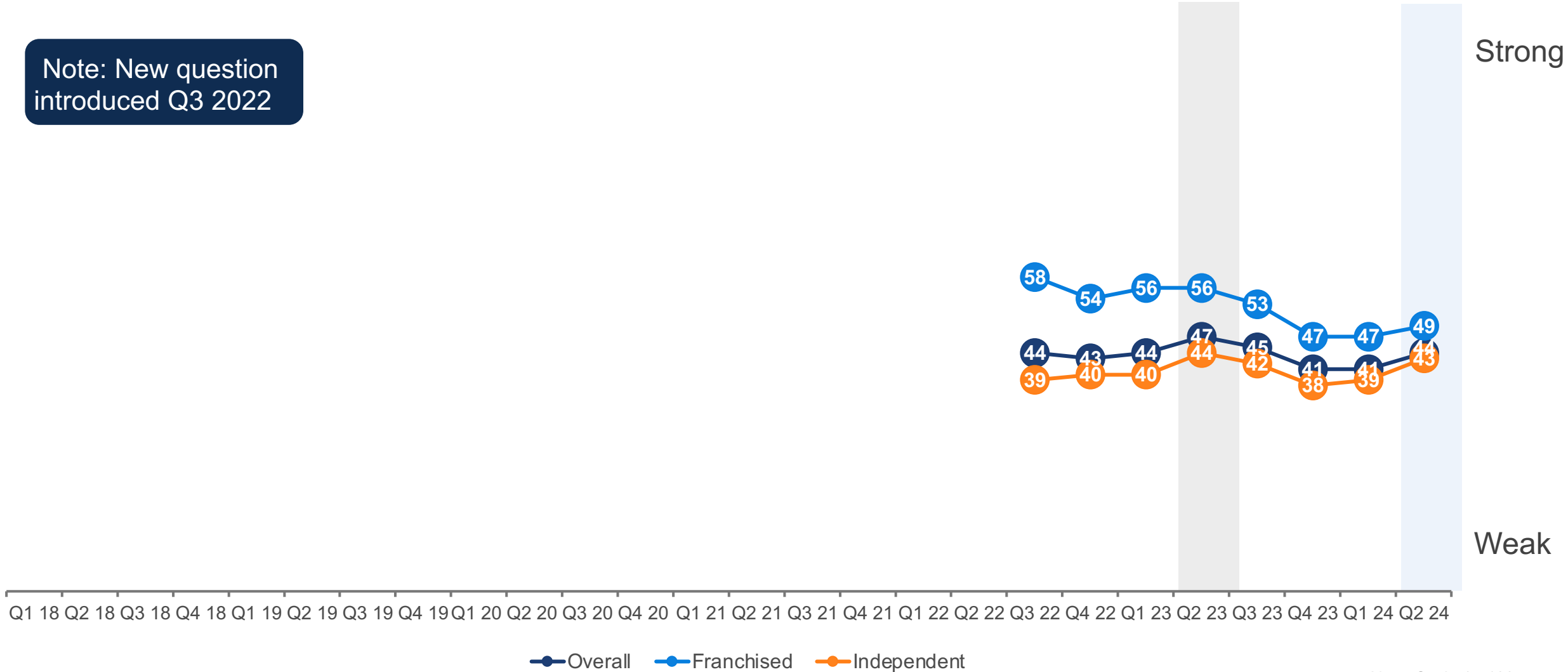


Note: Scale 1 - 100

# Q3B: How do you rate the digital/online customer traffic to your dealership over the past 3 months?

## Dealer Sentiment Index SECOND QUARTER 2024

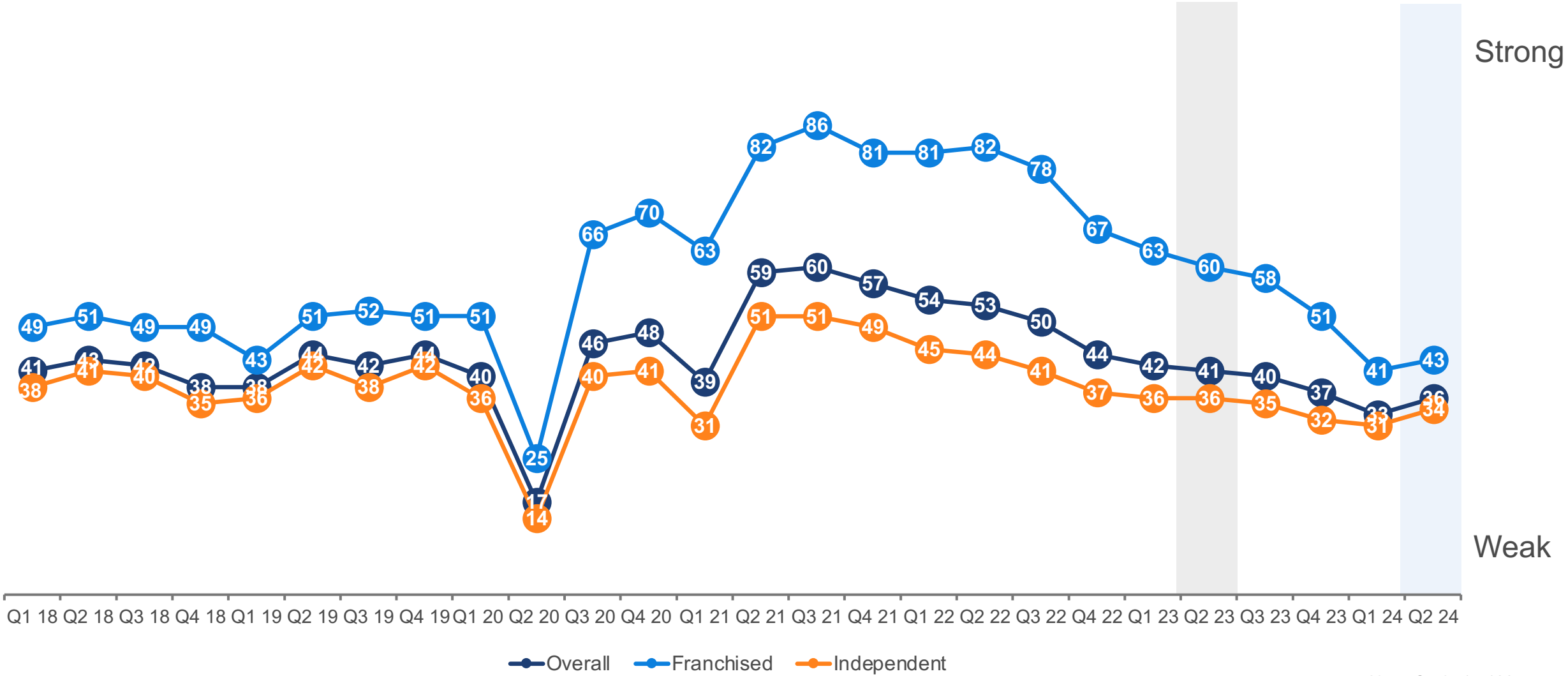
Note: New question introduced Q3 2022



Note: Scale 1 - 100

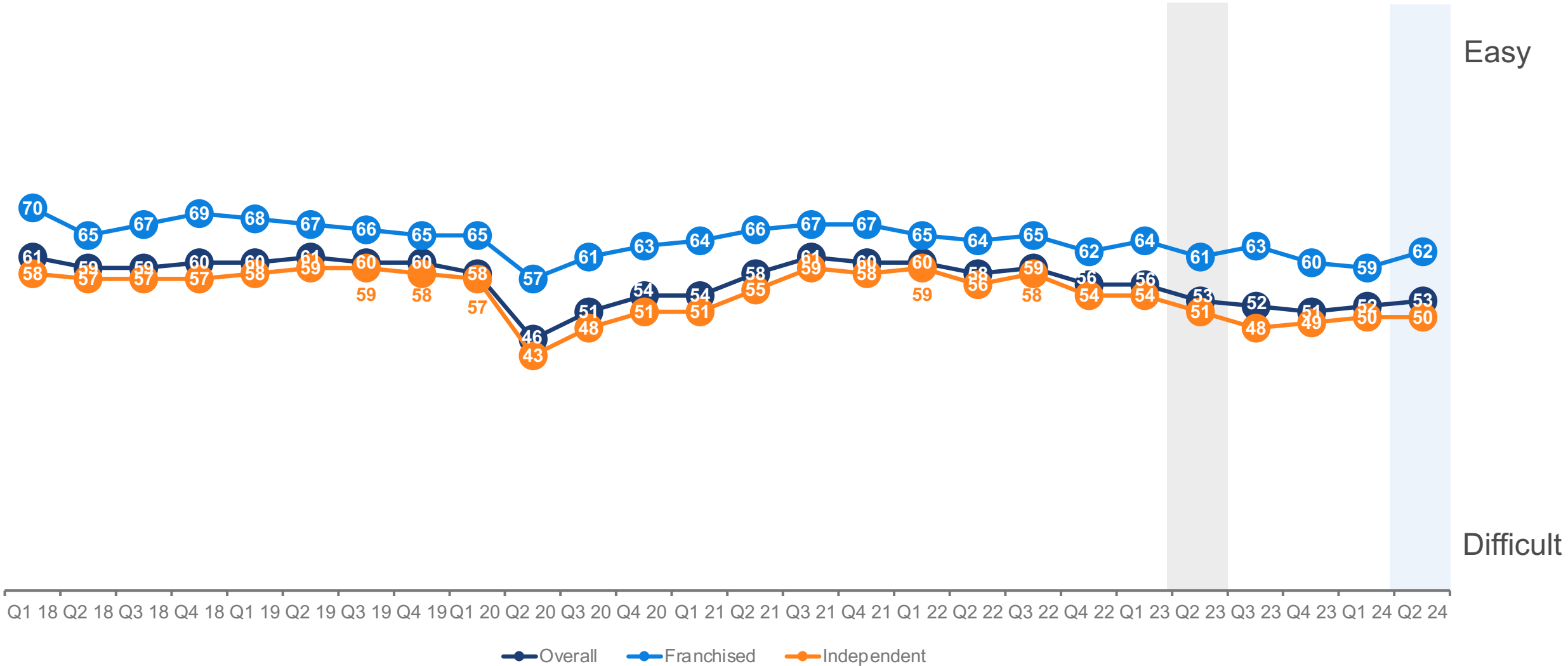


# Q4: How would you describe your profits over the past 3 months?



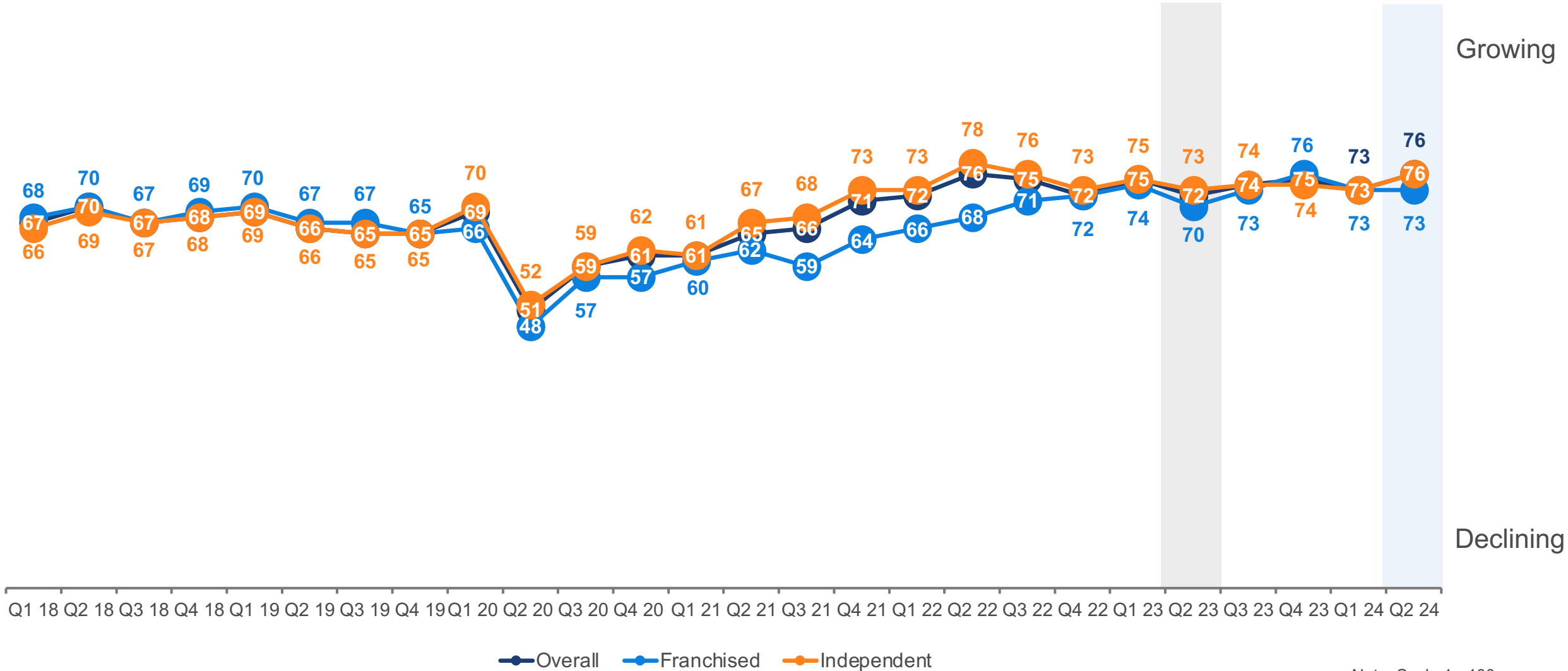
Note: Scale 1 - 100

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



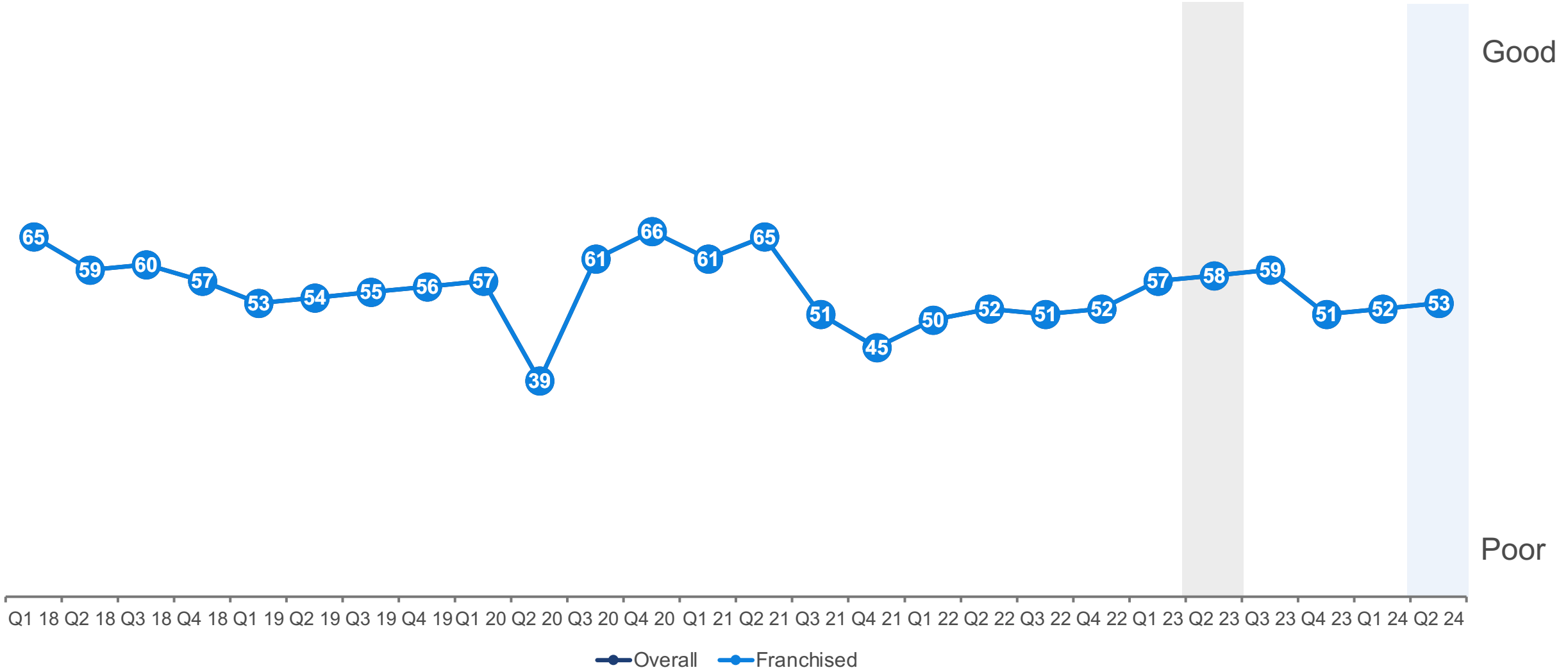
Note: Scale 1 - 100

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



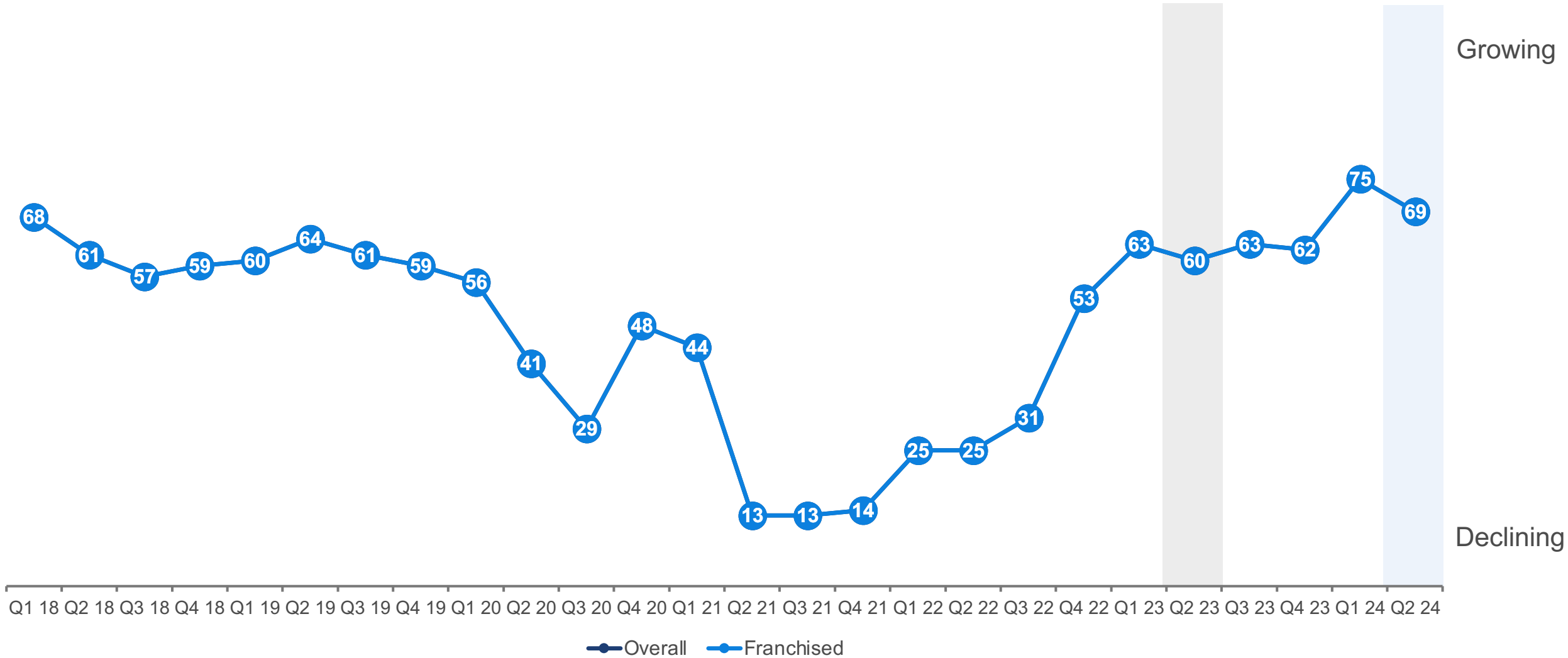
Note: Scale 1 - 100

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



Note: Scale 1 - 100

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

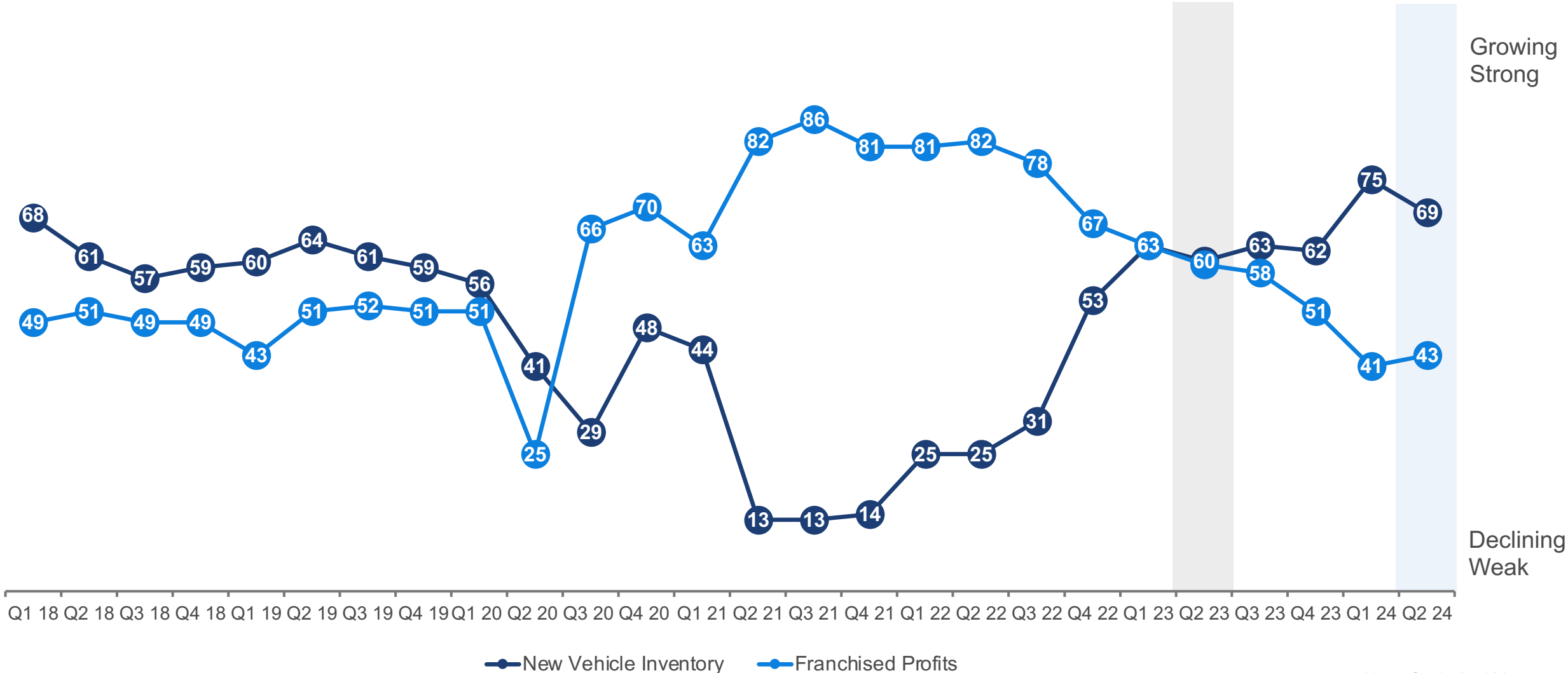


Note: Scale 1 - 100

# 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?

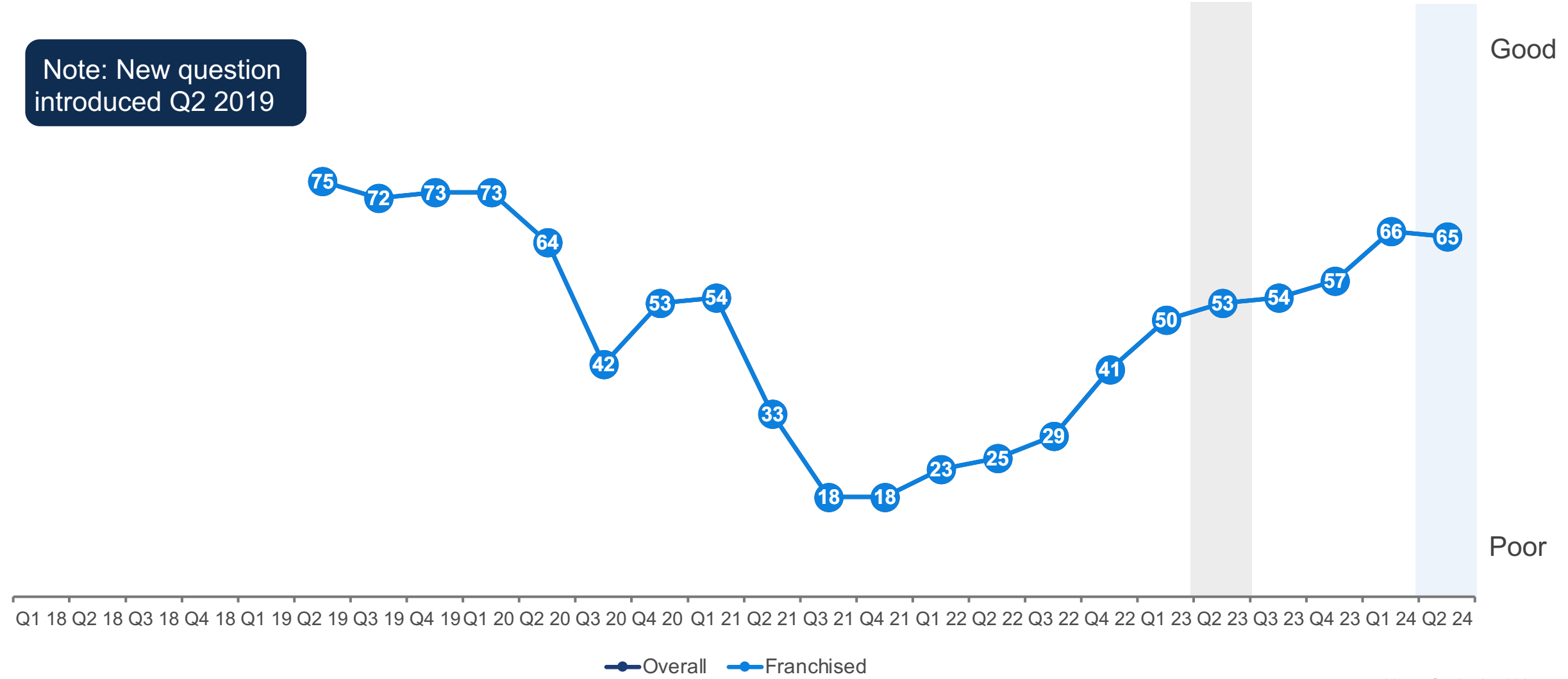
## Dealer Sentiment Index SECOND QUARTER 2024



Note: Scale 1 - 100

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

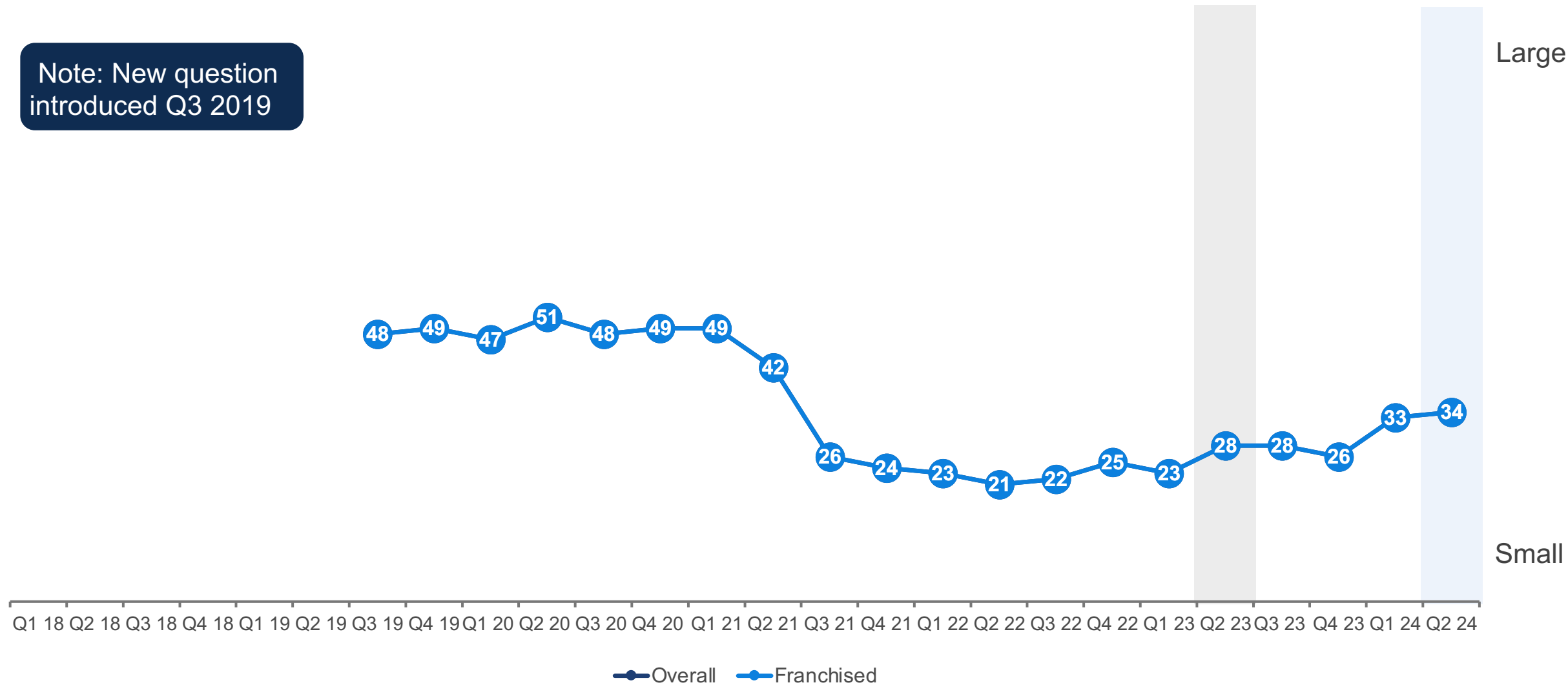
Note: New question introduced Q2 2019



Note: Scale 1 - 100

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

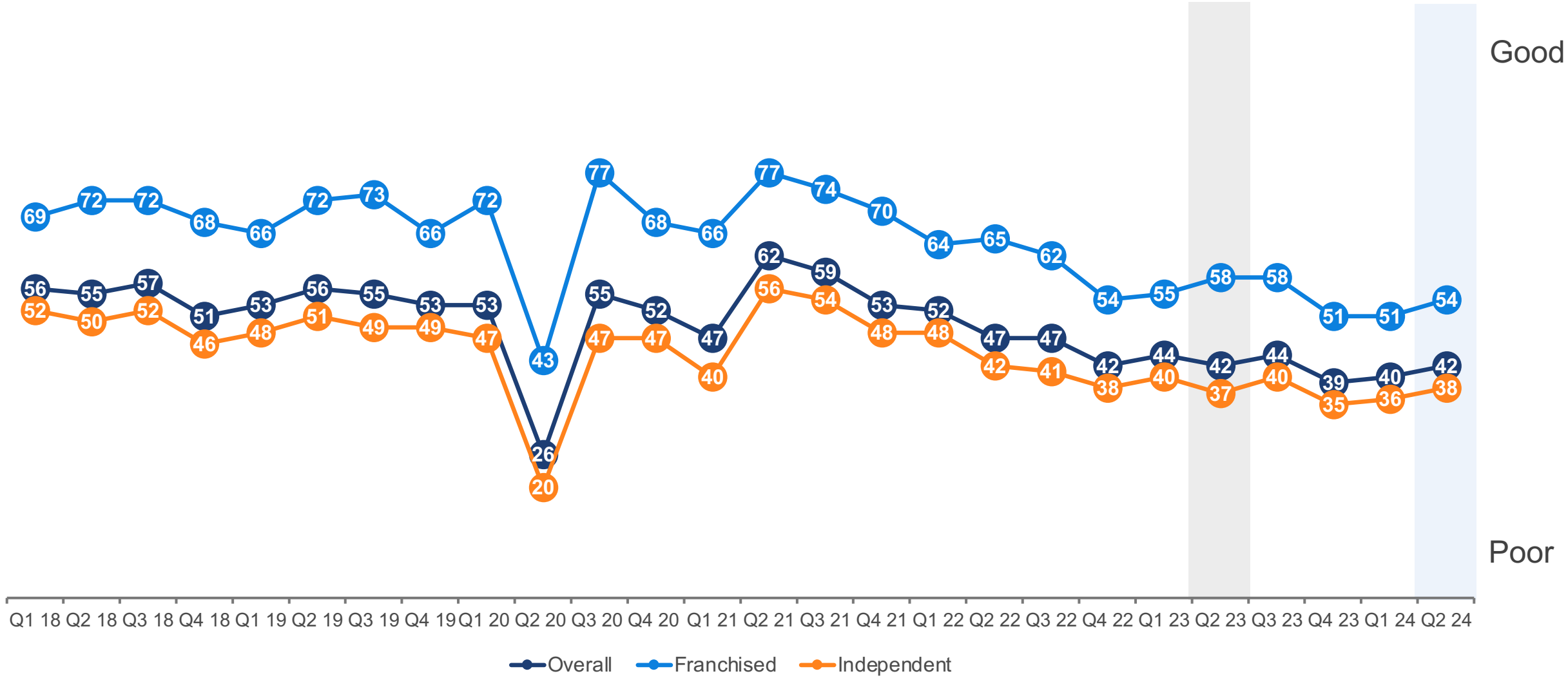
Note: New question introduced Q3 2019



Note: Scale 1 - 100

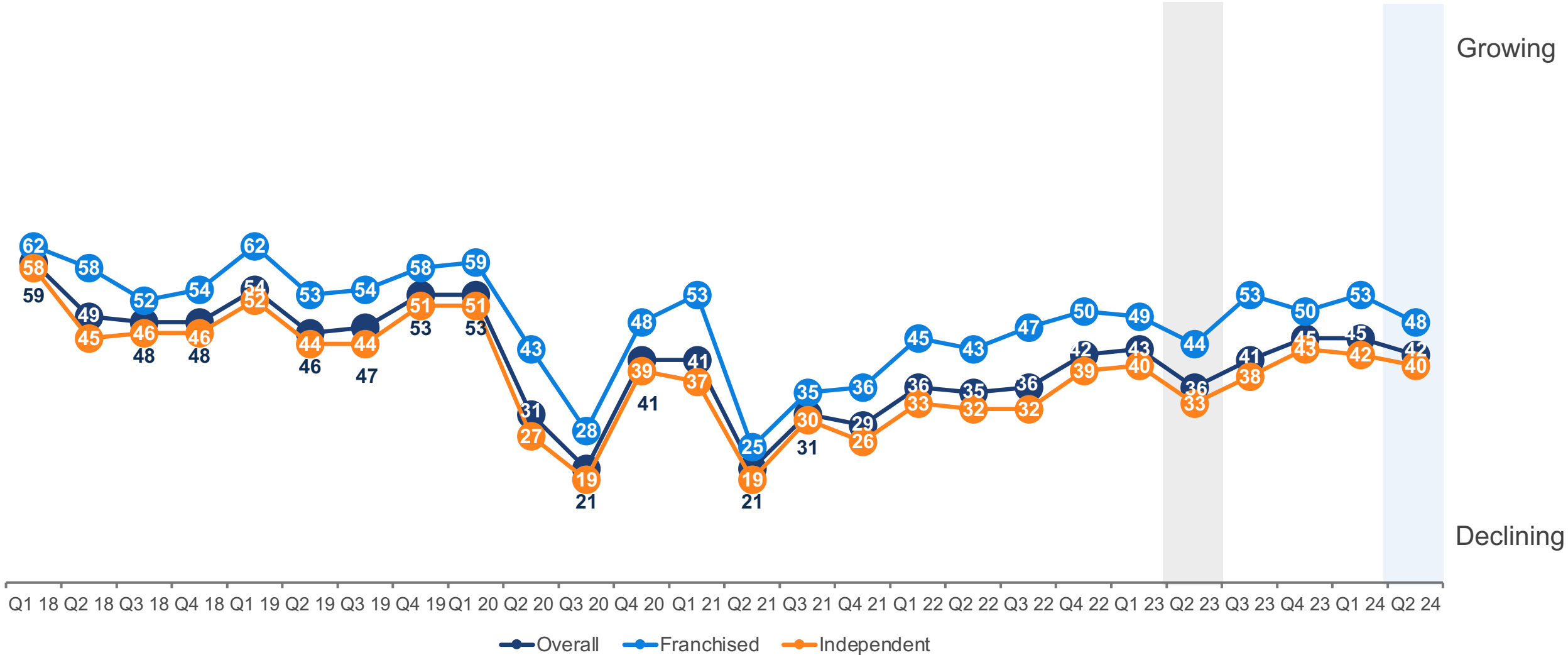


# Q11: How would you describe the current used-vehicle sales environment?



Note: Scale 1 - 100

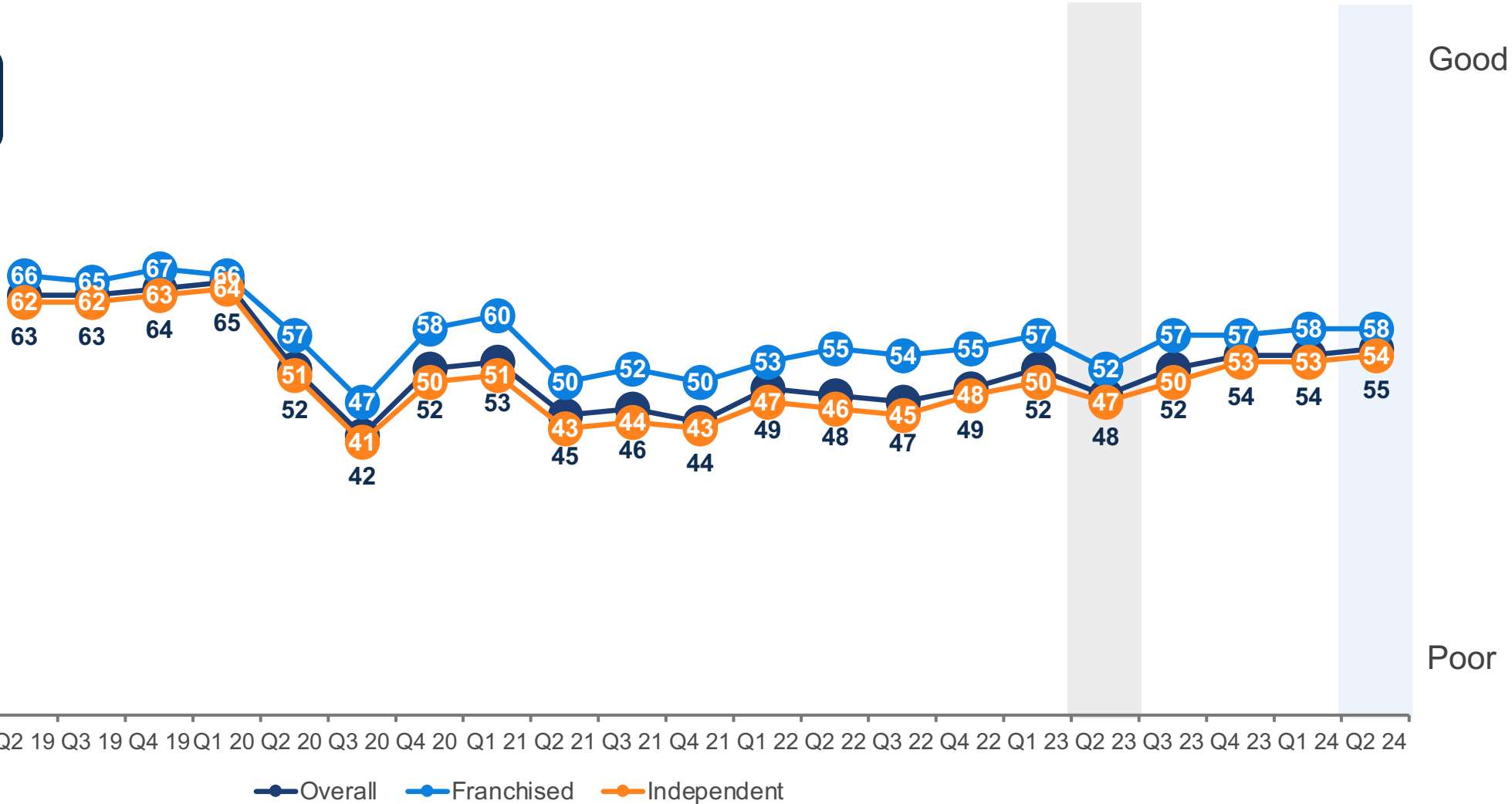
# Q12: How would you describe the current used-vehicle inventory levels?



Note: Scale 1 - 100

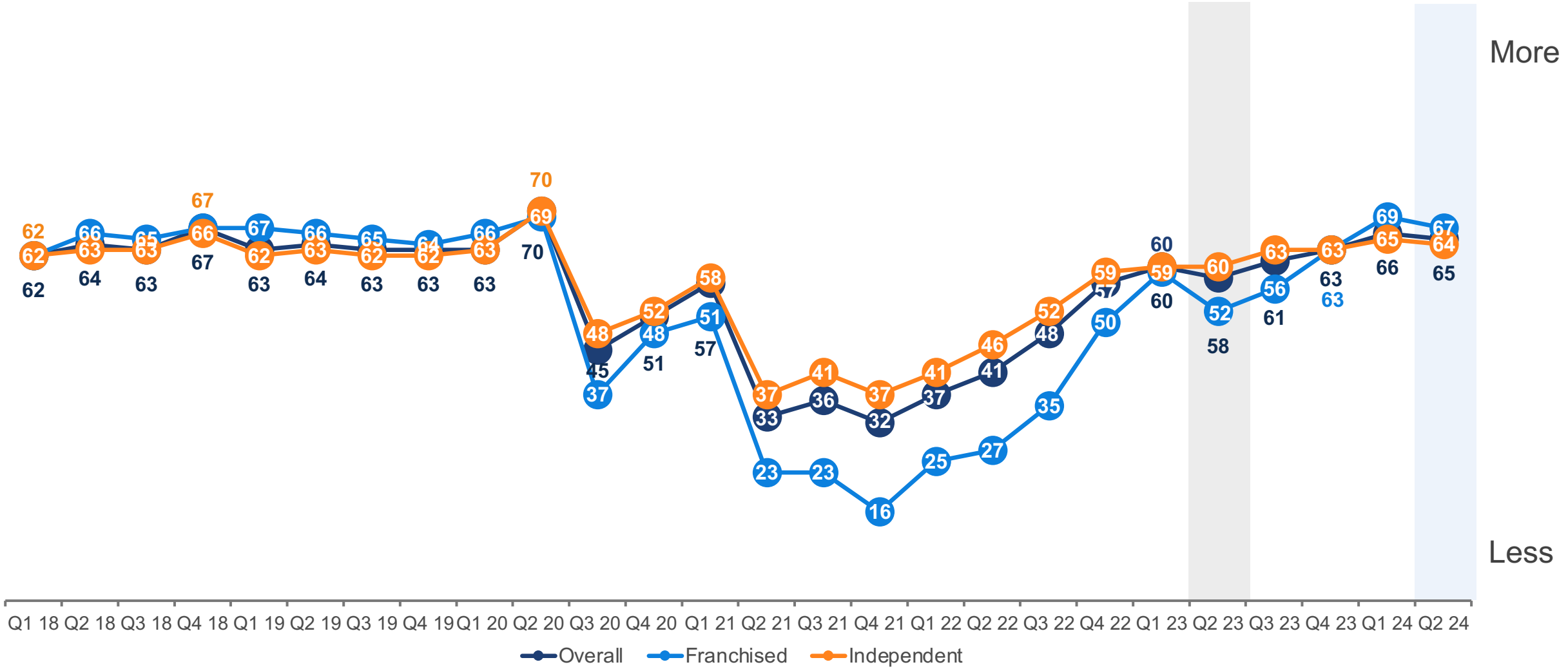
# Q13: How would you describe the current used-vehicle inventory mix?

Note: New question introduced Q2 2019



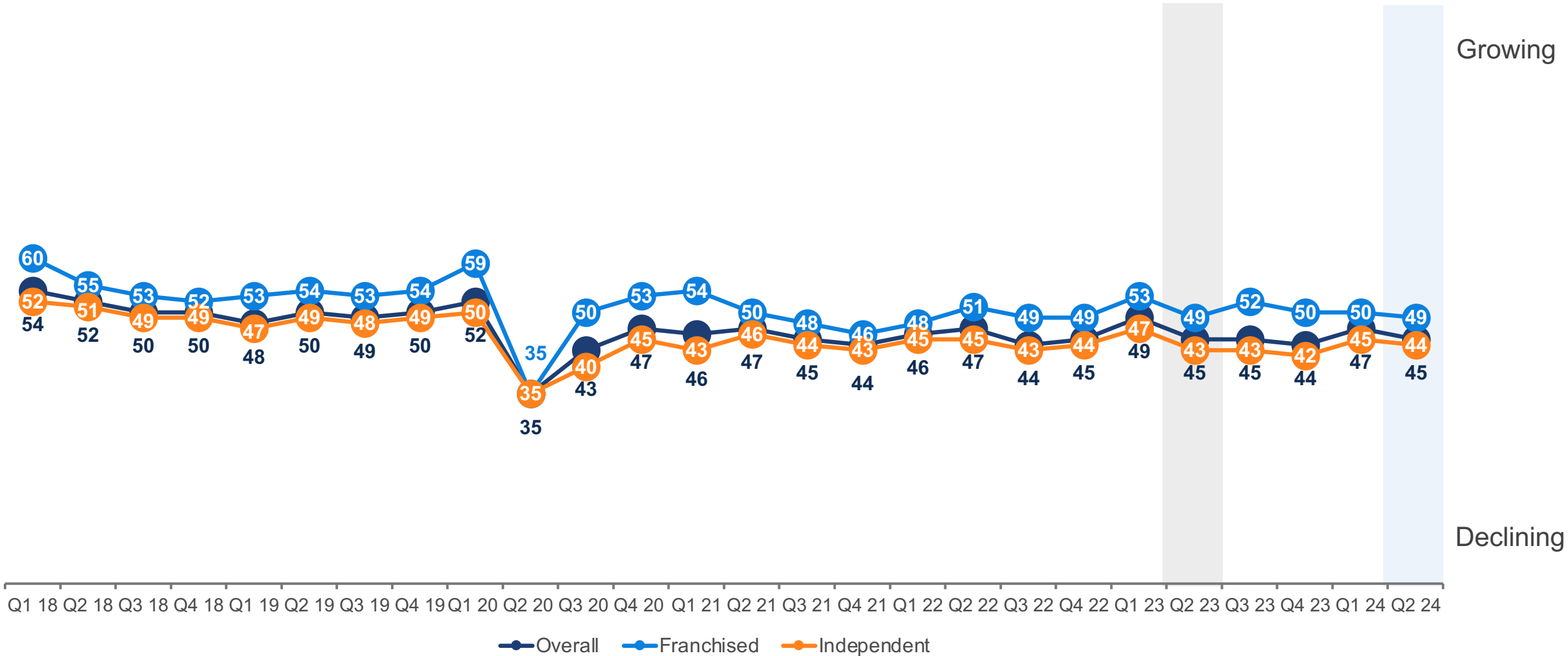
Note: Scale 1 - 100

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



Note: Scale 1 - 100

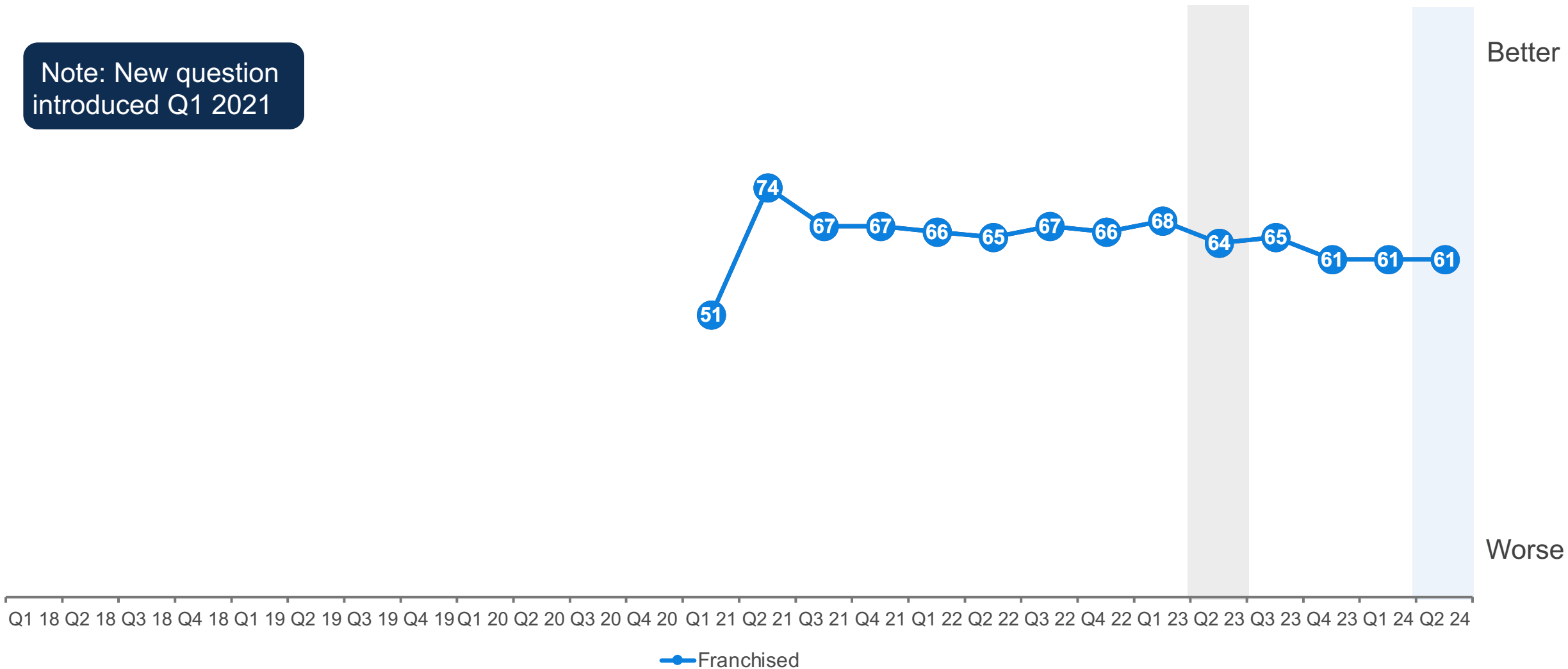
# Q15: How would you describe your dealership's current staffing levels?



Note: Scale 1 - 100

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

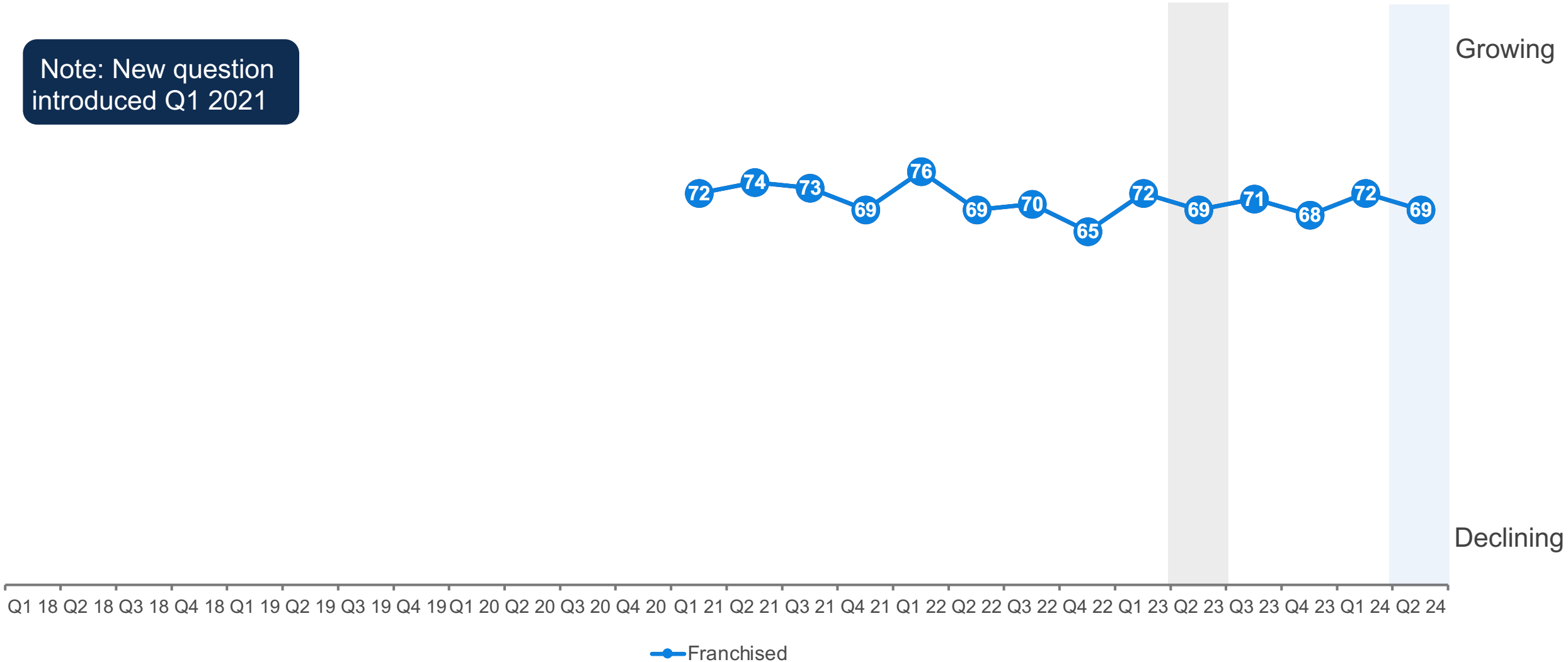
Note: New question introduced Q1 2021



Note: Scale 1 - 100

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

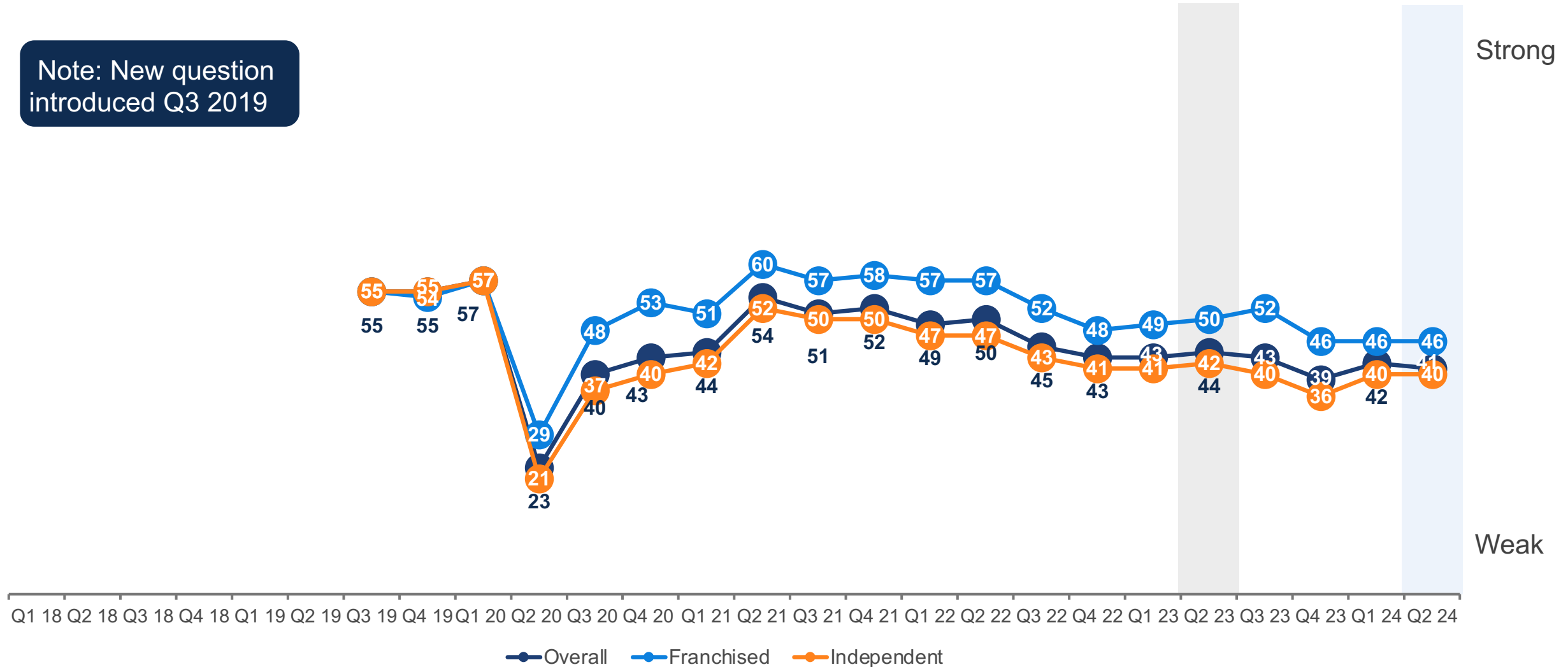
Note: New question introduced Q1 2021



Note: Scale 1 - 100

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

Note: New question introduced Q3 2019

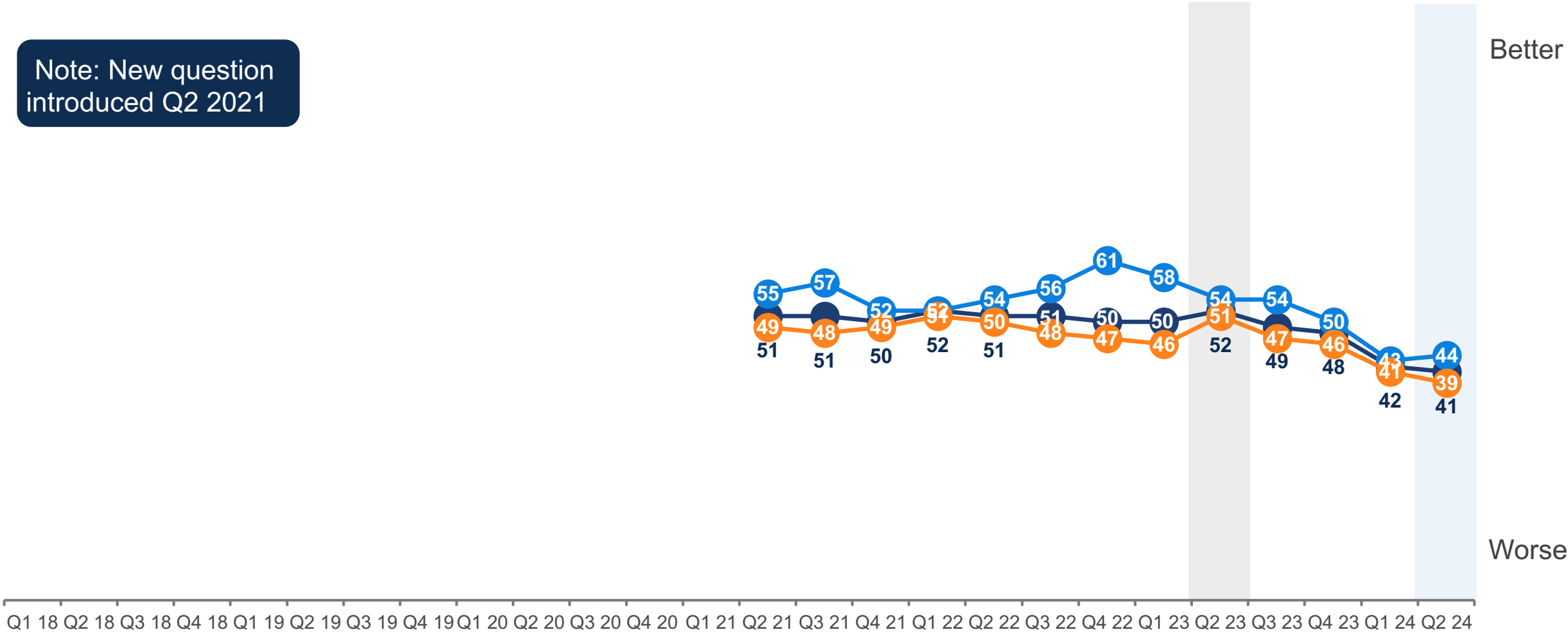


Note: Scale 1 - 100



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

Note: New question introduced Q2 2021



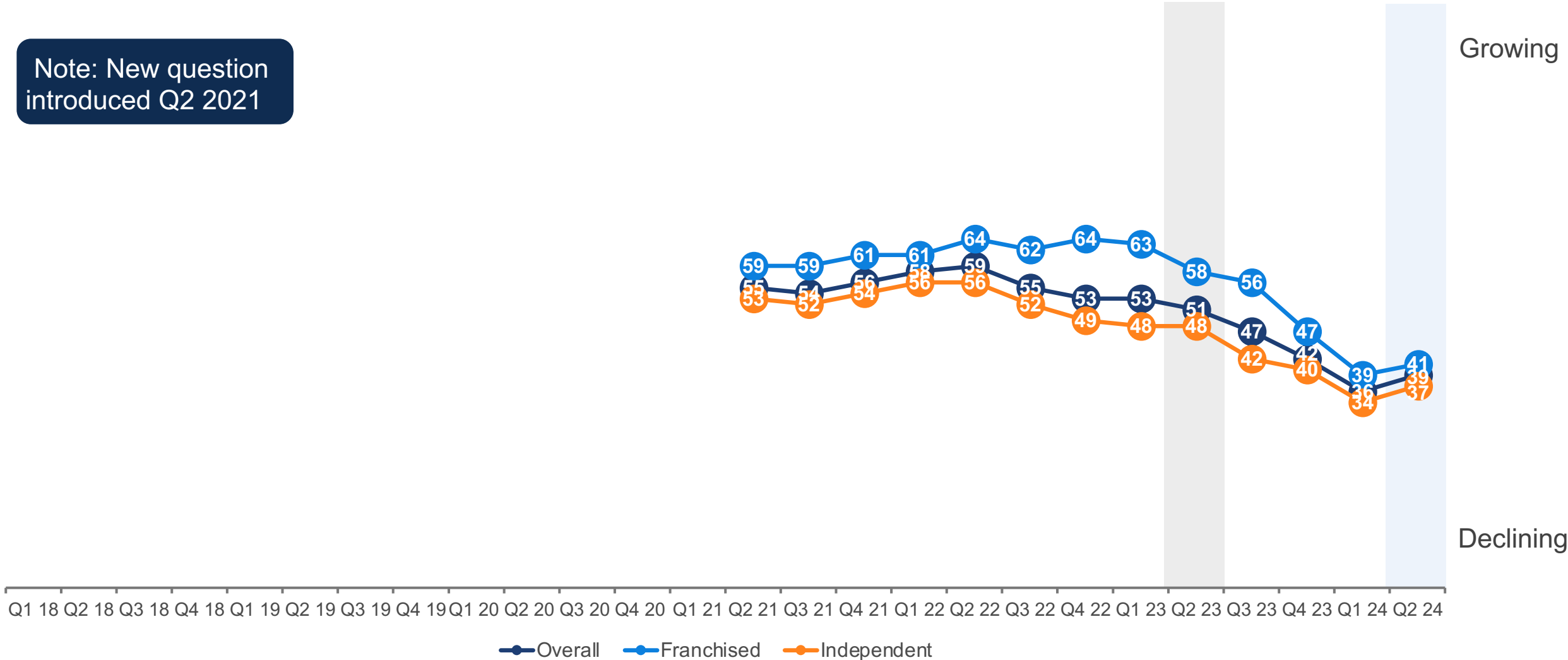
(EV) Electric Vehicle

● 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?

Note: New question introduced Q2 2021

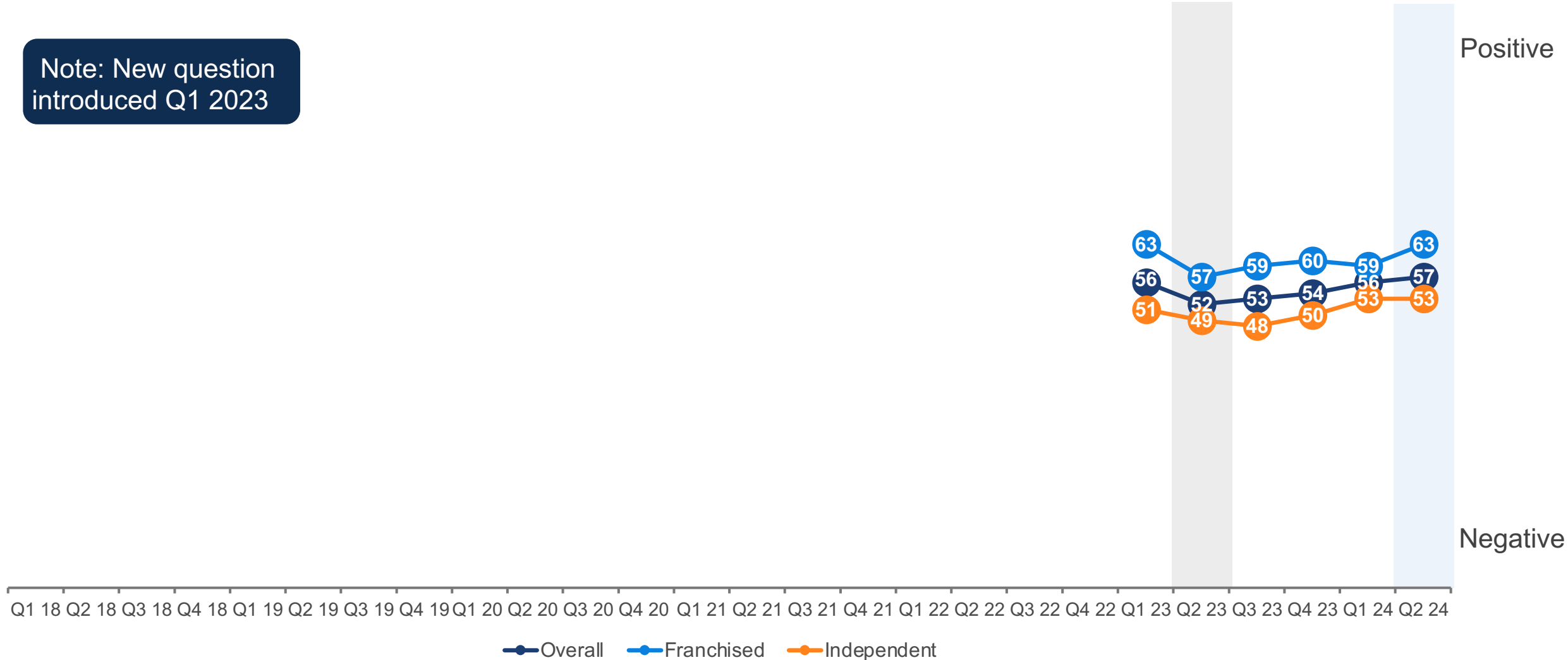


Note: Scale 1 - 100

# Q23: How would you describe the effect of battery electric vehicle (BEV) tax credits are having on your dealership's BEV sales?

Note: New question introduced Q1 2023

## Dealer Sentiment Index SECOND QUARTER 2024

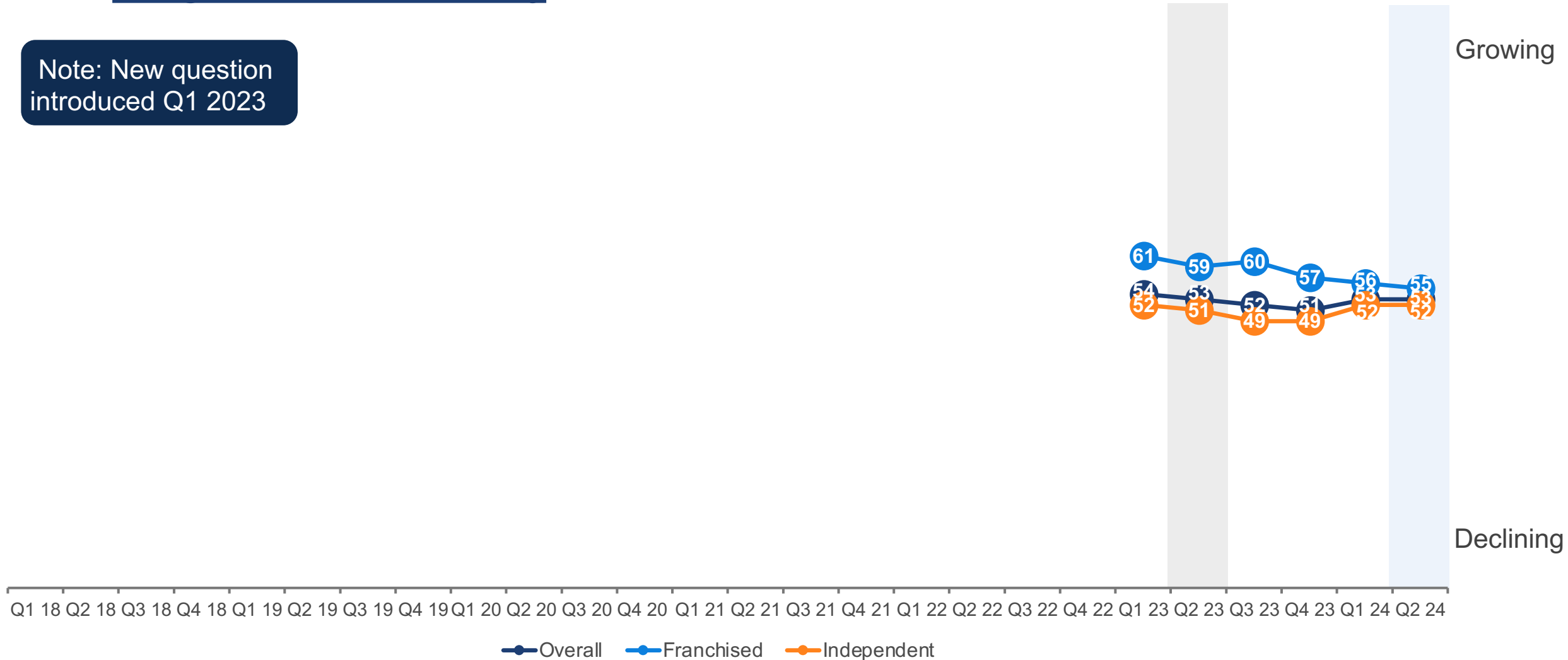


Note: Scale 1 - 100

# Q24: Compared to the last 3 months, how would you describe the extent of your dealership's sales process that are being done online currently?

Note: New question introduced Q1 2023

## Dealer Sentiment Index SECOND QUARTER 2024



Note: Scale 1 - 100

## Factors Holding Back Business

OVERALL RANK

		Q2 '24	Q1 '24	Q2 '23	Q2 '22
1	Interest Rates	59%	62%	53%	17%
2	Economy	57%	55%	55%	46%
3	Market Conditions	41%	40%	42%	44%
4	Political Climate	36%	33%	29%	28%
5	Expenses	31%	32%	30%	28%
6	Credit Availability for Consumers	31%	31%	30%	17%
7	Limited Inventory	29%	31%	44%	61%
8	Consumer Confidence	28%	31%	26%	22%
9	Competition	15%	14%	12%	11%
10	Regulation	8%	8%	7%	4%



Significant decrease vs previous quarter



Significant increase vs previous quarter

## Factors Holding Back Business

FRANCHISED DEALERS

		Q2 '24	Q1 '24	Q2 '23	Q2 '22
1	Interest Rates	68%	70%	61%	16%
2	Economy	53%	51%	49%	38%
3	Political Climate	41%	34%	26%	25%
4	Market Conditions	35%	38%	33%	32%
5	Consumer Confidence	31%	32%	24%	18%
6	Lack of Consumer Incentives from my OEM	29%	30%	24%	22%
7	Expenses	22%	23%	19%	15%
8	Credit Availability for Consumers	21%	22%	19%	4%
9	Limited Inventory	18%	21%	42%	67%
10	Staff Turnover	17%	16%	15%	14%



Significant decrease vs previous quarter



Significant increase vs previous quarter

## Factors Holding Back Business

INDEPENDENTS

		Q2 '24	Q1 '24	Q2 '23	Q2 '22
1	Economy	59%	56%	57%	49%
2	Interest Rates	56%	60%	51%	17%
3	Market Conditions	43%	41%	45%	48%
4	Expenses	34%	35%	33%	33%
5	Credit Availability for Consumers	34%	34%	34%	21%
6	Political Climate	34%	33%	30%	29%
7	Limited Inventory	32%	34%	45%	59%
8	Consumer Confidence	27%	30%	26%	23%
9	Competition	16%	14%	13%	13%
10	Credit Availability for my Business	9%	10%	9%	6%



Significant decrease vs previous quarter



Significant increase vs previous quarter

## Impact of Inflation on Areas of Dealership

	Index (Strong/Weak)	Overall	Franchised (A)	Independent (B)
1	Interest Rates	80	81	79
2	Costs/Expenses	78	76	79
3	Vehicle Sales	68	70	67
4	Fixed Operations	66	63	67
5	Staffing Levels	52	<b>56 B</b>	51

Note: New question introduced in Q3 2022.

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

Significant decrease vs previous quarter



Significant increase vs previous quarter





## Regional View – Index Score (Franchised)

Question	Answer	North-east	Mid-west	South	West
Current Market	Strong/Weak	50	49	50	44
Market Next 3 Months	Strong/Weak	53	54	53	45
Overall Customer Traffic	Strong/Weak	40	40	44	33
In-Person Customer Traffic	Strong/Weak	39	40	43	33
Digital/Online Customer Traffic	Strong/Weak	48	49	52	43
Profits	Strong/Weak	43	44	45	37
Costs	Growing/Declining	76	75	68	75
New Vehicle Sales	Good/Poor	51	54	55	47
New Vehicle Inventory	Growing/Declining	71	69	69	71
New Vehicle Inventory Mix	Good/Poor	65	63	66	68



Significant decrease vs previous quarter



Significant increase vs previous quarter

## Regional View – Index Score (Franchised)

Question	Answer	North-east	Mid-west	South	West
Price Pressure	More/Less	66	68	66	71
Staffing	Growing/Declining	45	51	55	43
OEM incentives	Large/Small	38	31	35	31
Economy	Strong/Weak	46	45	48	42
Current Fixed Operations	Better/Worse	59	57	64	64
Future Fixed Operations	Growing/Declining	65	68	72	72
Current BEV Sales	Better/Worse	49	42	43	44
Future BEV Sales	Growing/Declining	43	40	36	45
Dealer Credit	Easy/Difficult	59	63	65	59
Effect BEV Tax Credits Have on BEV Sales	Positive/Negative	61	64	62	64

 Significant decrease vs previous quarter  
 Significant increase vs previous quarter

# MORE AUTO INDUSTRY DATA AND INSIGHTS FROM COX AUTOMOTIVE

The go-to source for insights based on the largest breadth of first-party data in the automotive ecosystem

**Cox Automotive Newsroom:** [www.coxautoinc.com/newsroom/](http://www.coxautoinc.com/newsroom/)

Fresh content from Chief Economist Jonathan Smoke and the Industry Insights team is published regularly

**Auto Market Snapshot:** [www.coxautoinc.com/marketsnapshot](http://www.coxautoinc.com/marketsnapshot)

This dashboard is a one-stop dashboard for the most recent data points our team is tracking.

**From the Newsroom:** [www.coxautoinc.com/signup](http://www.coxautoinc.com/signup)

The Cox Automotive biweekly newsletter, published every other Tuesday, is a round-up of news from Cox Automotive and perspectives from its analysts and experts on topics dominating the automotive industry.



# COX AUTOMOTIVE

## Contact information:

### Dara Hailes

Senior Manager

Cox Automotive Corporate Communications

[dara.hailes@coxautoinc.com](mailto:dara.hailes@coxautoinc.com)

### Mark Schirmer

Director

Cox Automotive Corporate Communications

[mark.schirmer@coxautoinc.com](mailto:mark.schirmer@coxautoinc.com)



6205 6305

6325

