

# **Dealership Landscape in the United States**

# ERNST & Young

## Mega Trends Shaping Global Auto Industry

- Government push for safer/cleaner transportation
- New players taking lead in mobility market
- Social media redefines automotive marketing
- Portfolio rationalization

# Dealership Model

## What HAS NOT changed

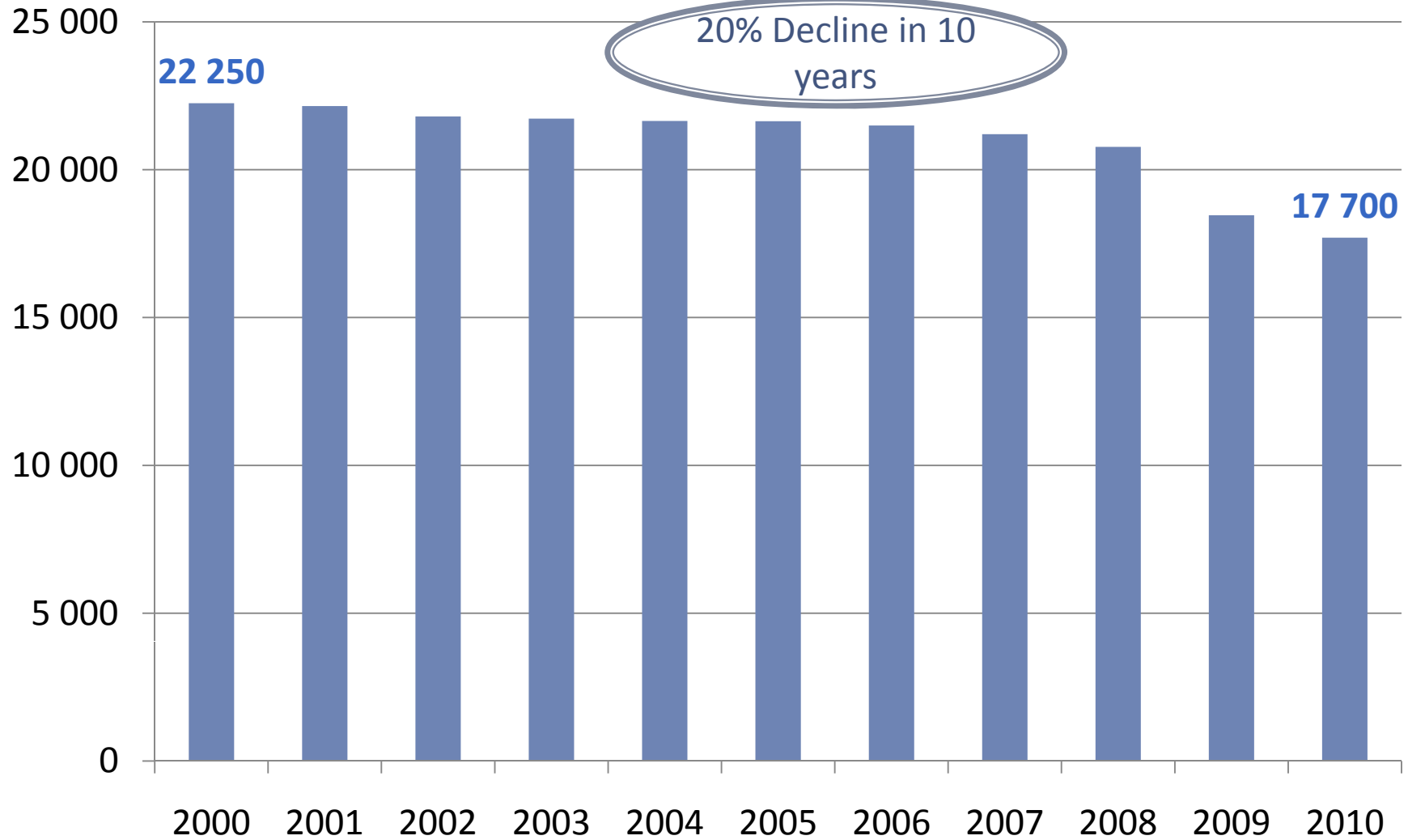
- New vehicle selling model in tact
- Used vehicle selling model unchanged
- Financing of vehicles unchanged
- State Franchise Laws still protect dealer interests

# Dealership Model

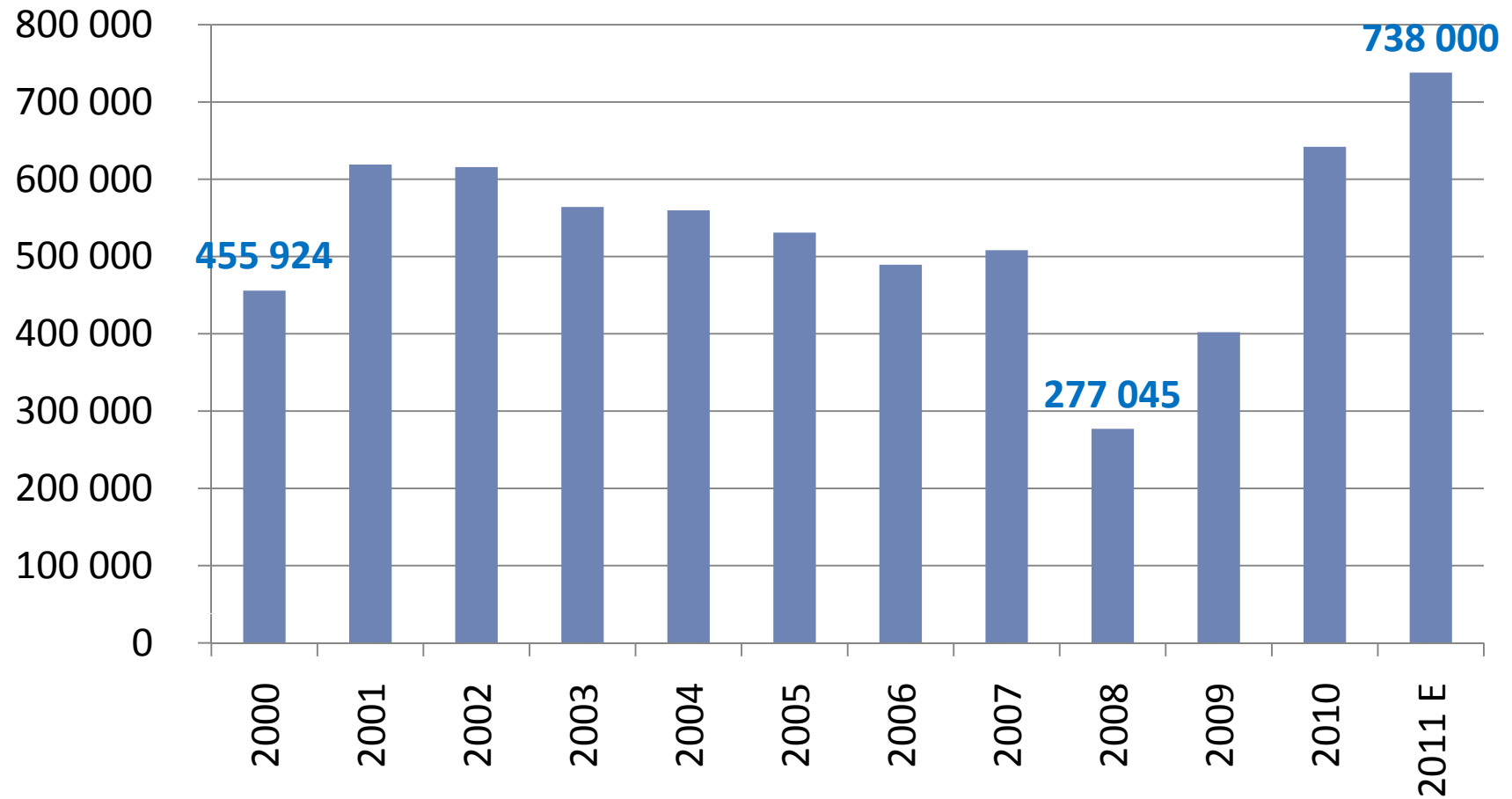
## What HAS Changed

- Manufacturers imposing facility enhancements guidelines on dealerships
- Online search/marketing/promotion becoming paramount
- New players entering - FIAT
- Government regulation
- Brands becoming more assertive – Hyundai/ Kia, VW

# A Decade of Dealerships

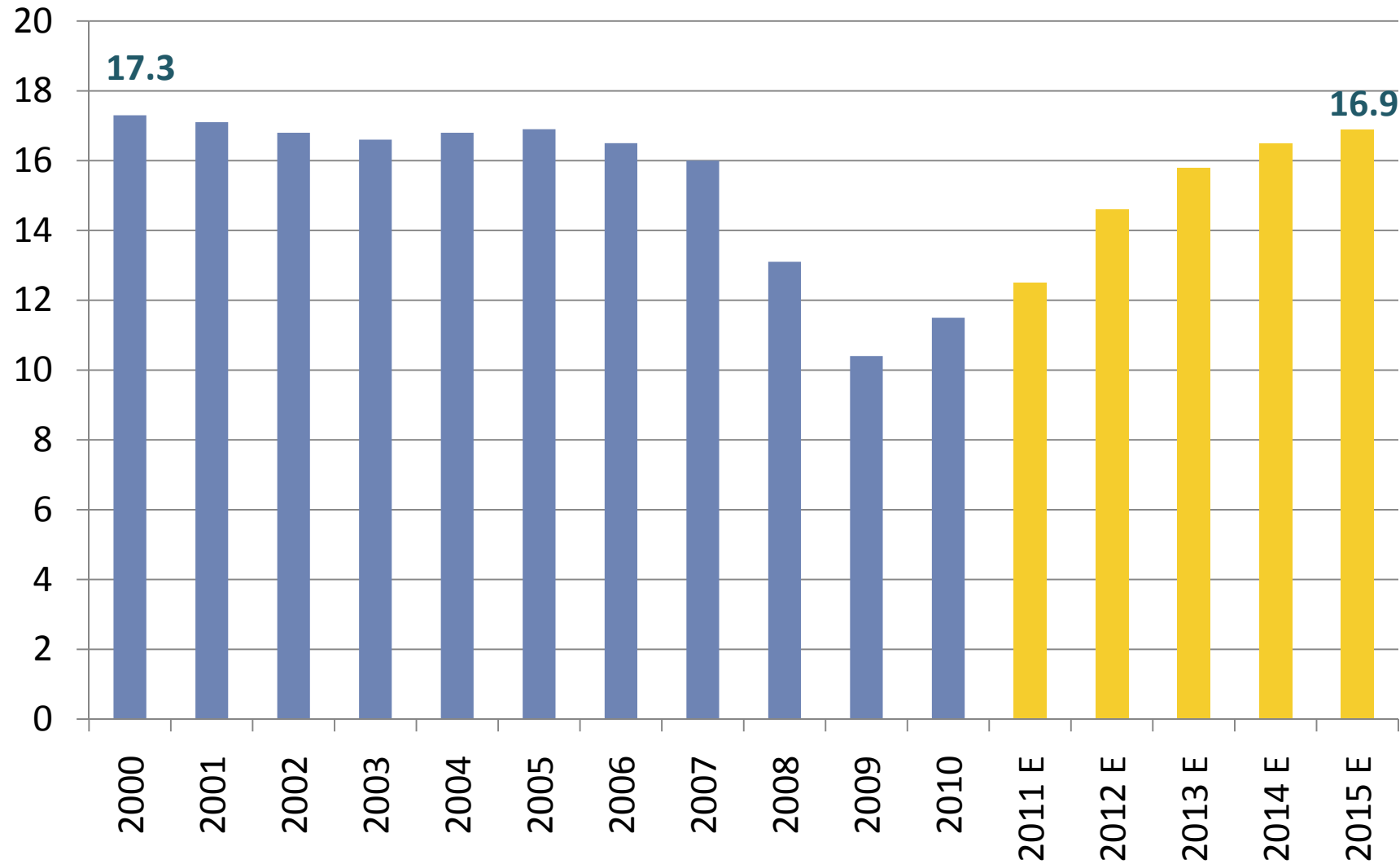


# Dealership Profitability

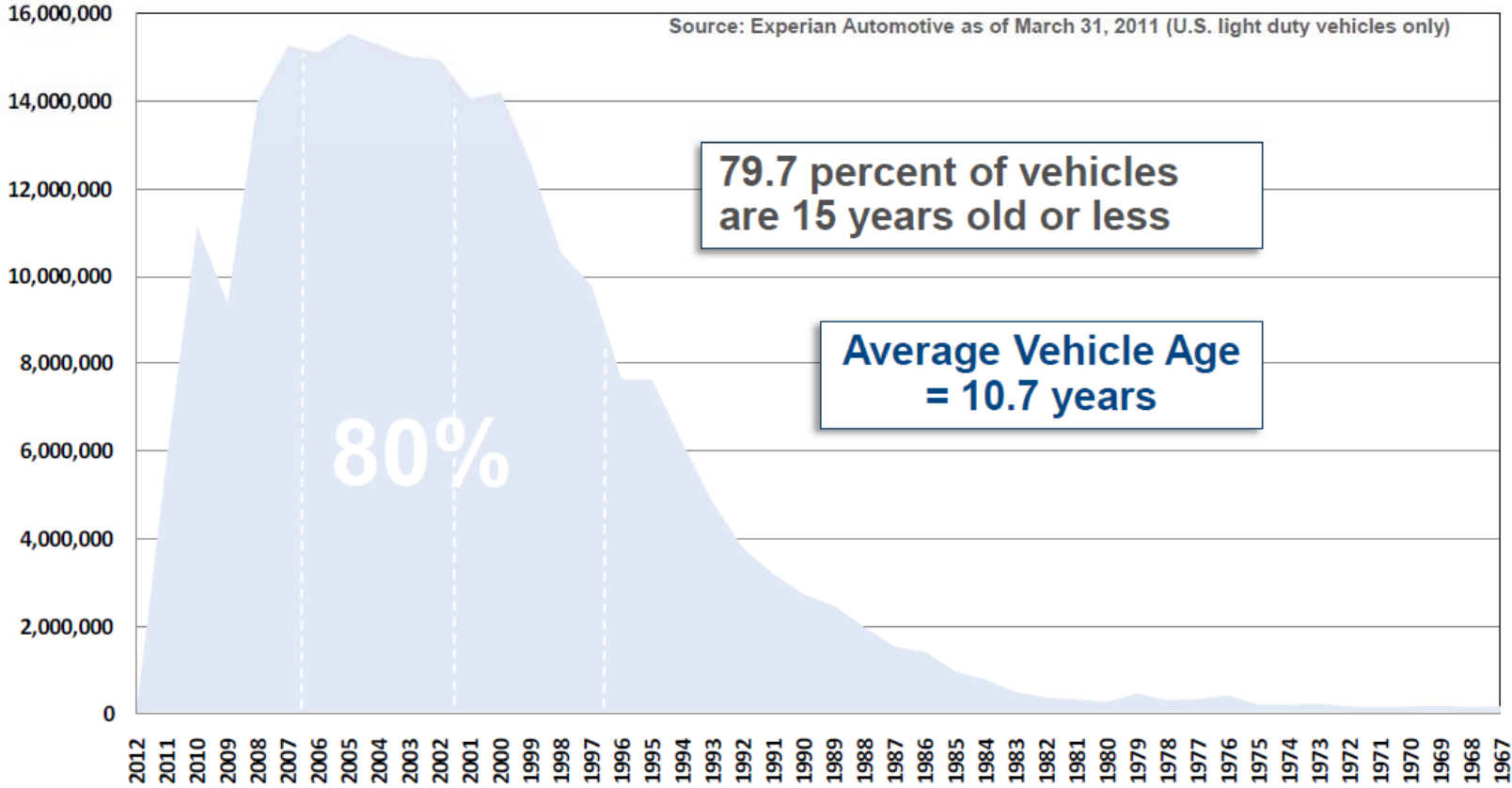


# U.S. Sales 2000 – 2015

(in millions)

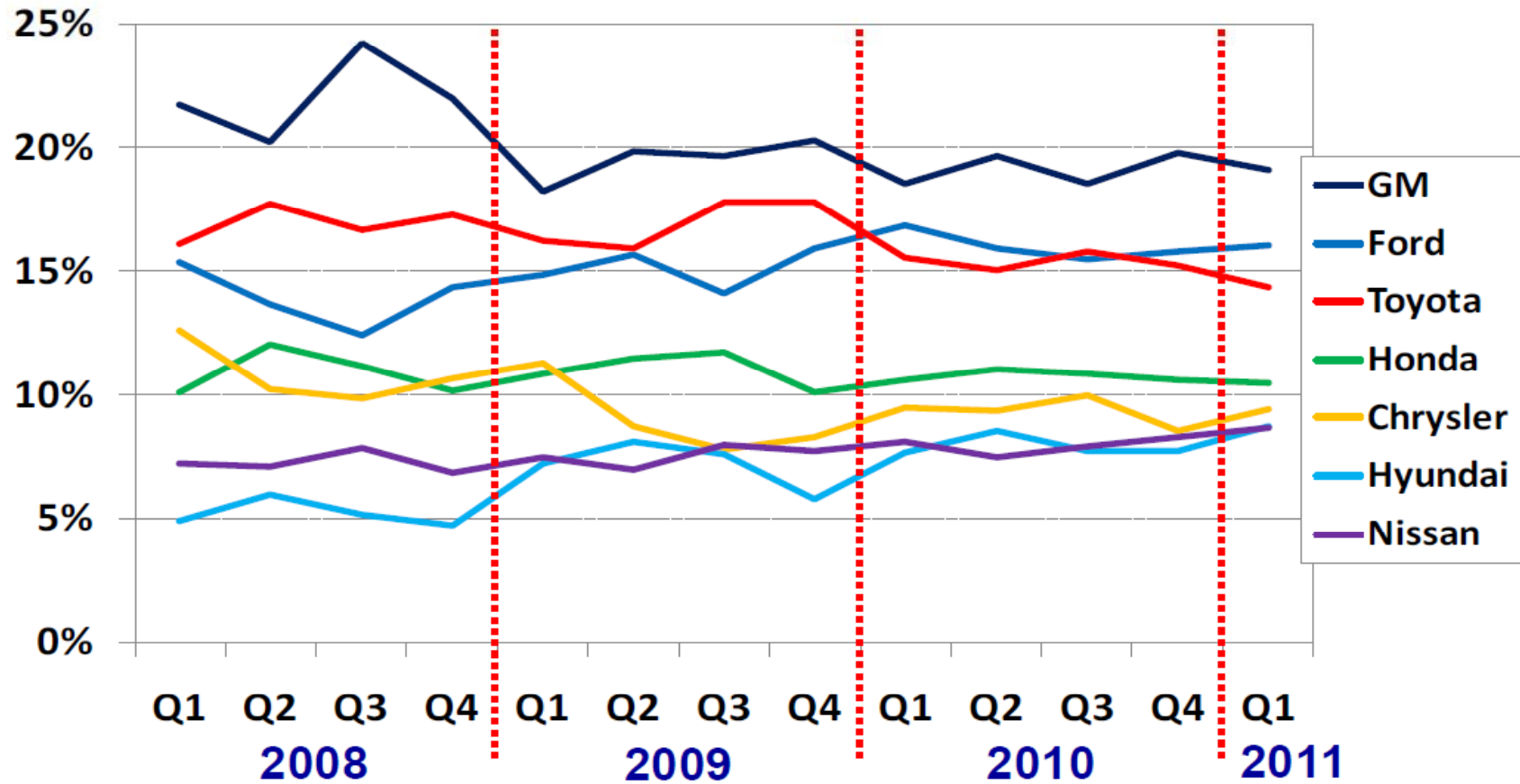


# Average Age of U.S. vehicles

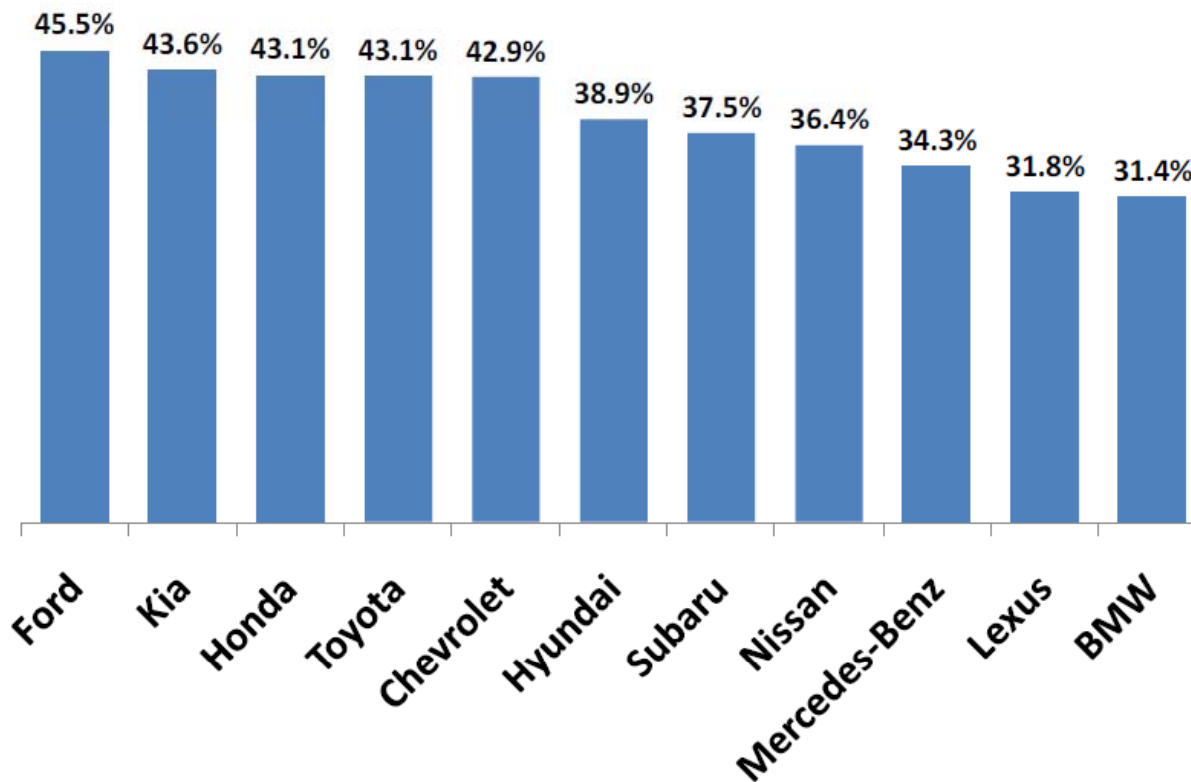


# **Consumer Loyalty and Brand Migration**

# Market Share Trends



# Owner Loyalty by Brand



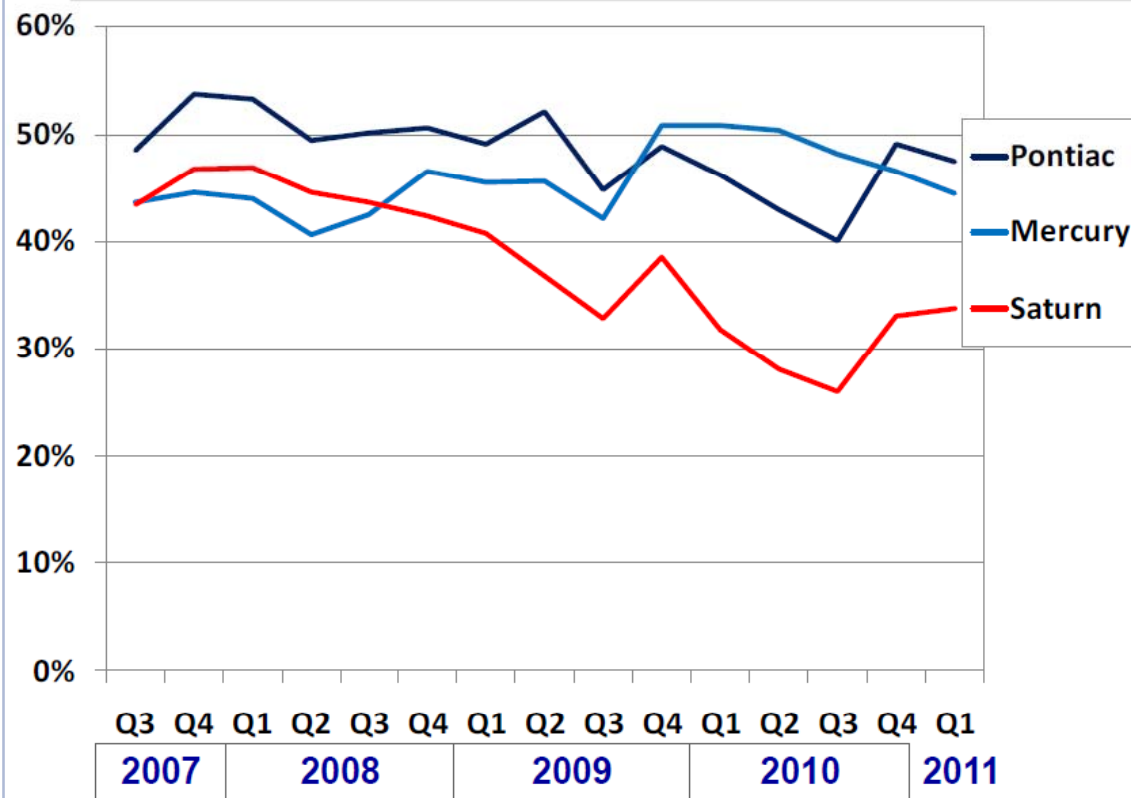
- Ford is highest, with over 45 percent returning to brand
- Kia is second highest, with nearly 44 percent brand loyalty
- Honda, Toyota and Chevrolet are all around 43 percent
- Hyundai brand loyalty is approx 39 percent

Source: Experian Automotive



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# Orphans Brands



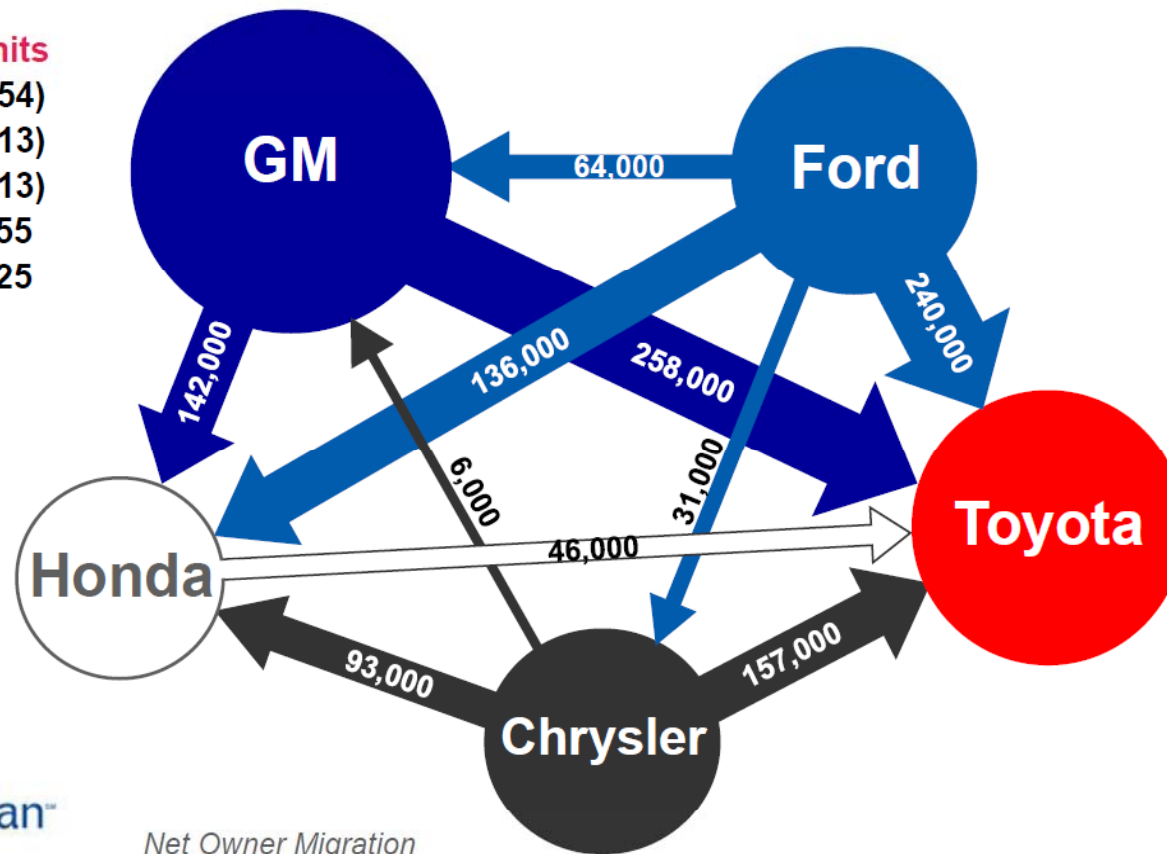
- GM reversed downward loyalty trend for Pontiac and Saturn owners in Q4 2010
- More Pontiac owners returned to market than Buick or Cadillac owners
- These Pontiac owners netted more GM sales as Buick or Cadillac owners

Source: Experian Automotive

# Migration from Brands

## 2007

	Net Units
Ford	(471,254)
GM	(330,313)
Chrysler	(225,213)
Honda	325,555
Toyota	701,225



Source: Experian Automotive

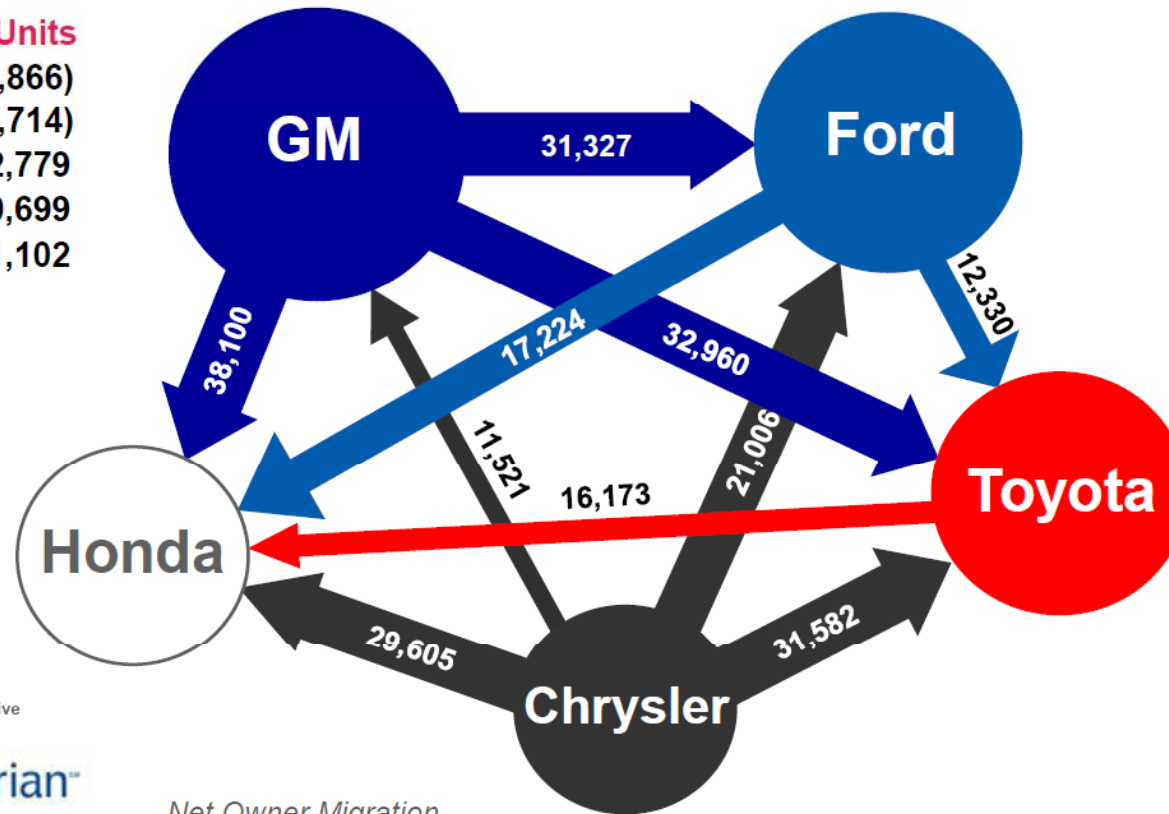


Net Owner Migration

# Migration from Brands

## Q1 2011

	Net Units
GM	(90,866)
Chrysler	(93,714)
Ford	22,779
Toyota	60,699
Honda	101,102



Source: Experian Automotive



Net Owner Migration

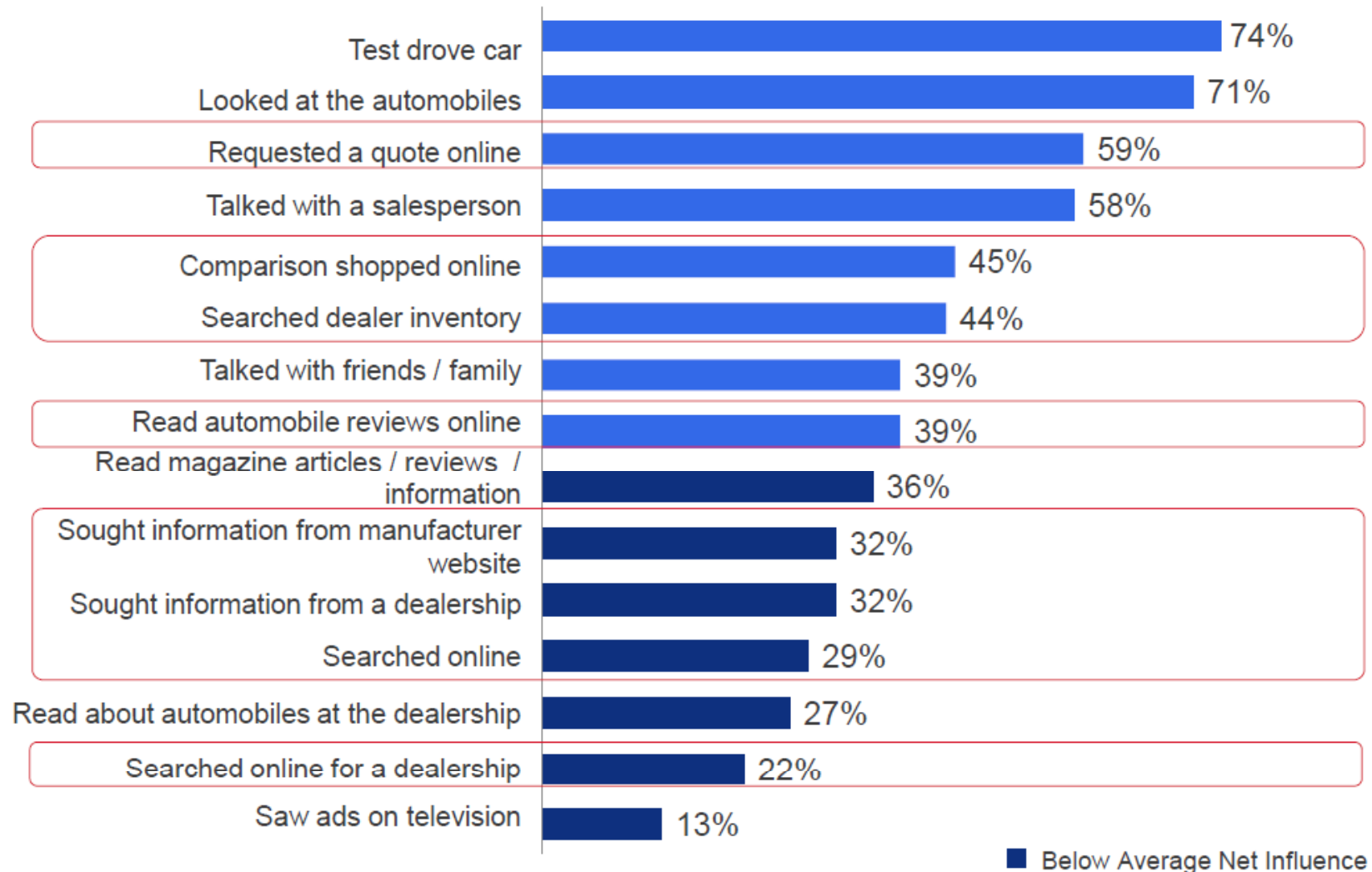
**Online Marketing  
and  
Social Media  
Impact for Dealerships**

# Google Study

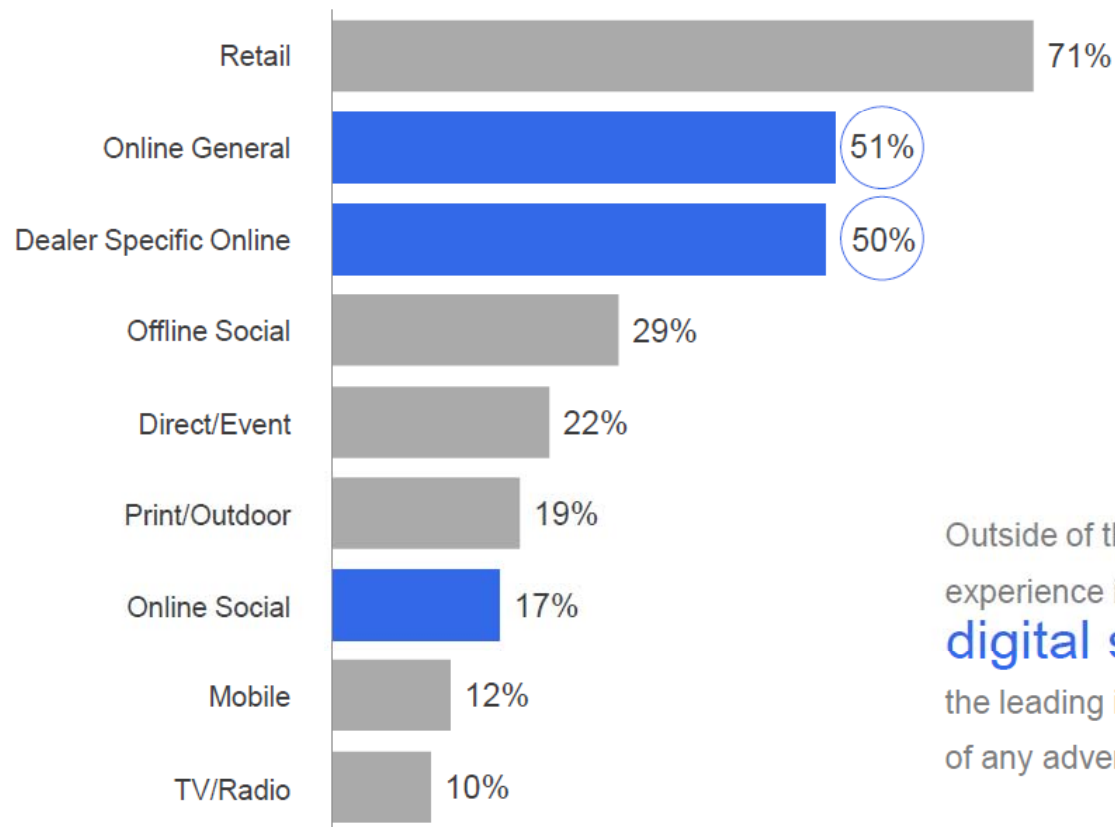
- Google becoming more focused on auto retailing
- Their goal is to help drive consumers to dealerships via:
  - Social
  - Local
  - Mobile

**SO-LO-MO**

# Consumer Influencers

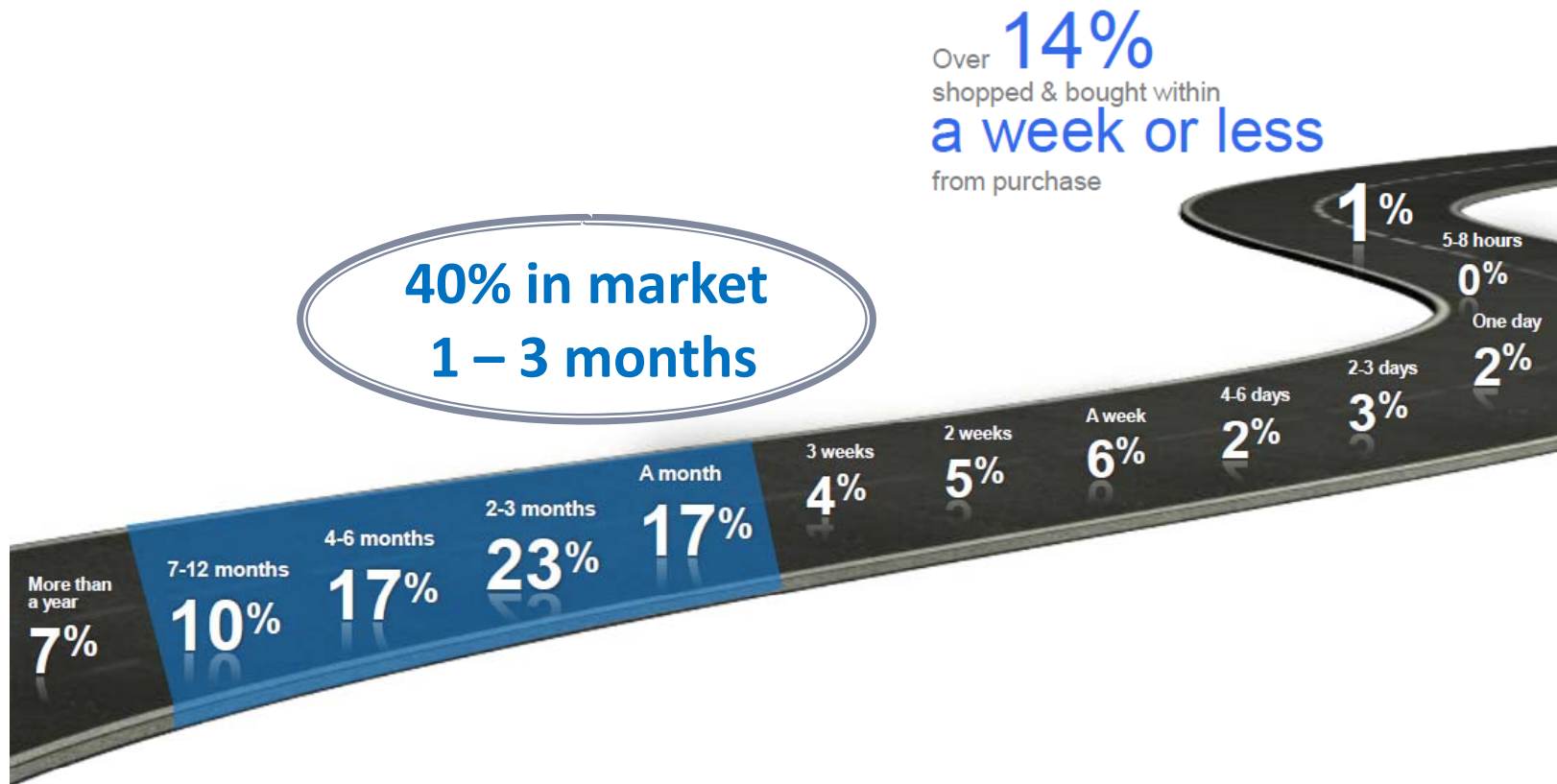


# Digital Sources Influence Consumers



Outside of the dealership experience itself, **digital sources** are the leading influencer on purchase of any advertising medium

# Consumer Purchase Funnel



# **Social Media in Action**

# 2011 Ford Explorer Facebook Launch



**LIVE FACEBOOK REVEAL**  
**2011 FORD EXPLORER**  
JULY 26, 2010

Drive one.

12:01a 7:40a 10:00a 10:30a 11:45a 12:45p 1:30p 2:30p 3:30p 4:30p 5:00p 5:30p

**Reveal Timeline**

For the first time ever, Ford is revealing a new vehicle on Facebook. Join us throughout the day for exclusive video, photos, and live chats with the Ford Explorer team.

**12:01 am EST**

**WATCH**

Pre-Reveal with Mike Rowe

Catch up with Mike Rowe and the Ford Team, including CEO Alan Mulally, the night before the Explorer reveal.



Watch on YouTube



**7:40 am EST**

**WATCH**

The Exclusive Ford Explorer Facebook Reveal

The all new Explorer – revealed exclusively to you on Facebook by the Ford team who created it.



**11:45 am EST**

**CHAT**

Talk Explorer with Alan Mulally

Visit our Wall tab for a live Q&A with Ford CEO Alan Mulally on the reinvention of the Explorer.



Visit Our Wall



**12:45 pm EST**

**CHAT**

Talk Explorer with Mark Fields

President of the Americas, Mark Fields, takes your questions on the future of the Explorer.



Visit Our Wall



**TOYOTA** moving forward

**TOYOTA 100 CARS FOR GOOD**

Share: f t

[vote today](#) [view contestants](#) [winners](#) [about the program](#) [Toyota philanthropy](#)

Toyota wants to salute do-gooders by giving 100 cars over 100 days to nonprofits that could really use a new set of wheels. And voters like you help decide which one gets a new ride every day.

On June 17 and 18, an outage caused voting to go offline for about 15 hours, and the voting outcome may have been affected. We're happy to announce the runners-up from the affected days will have a second chance.

There will be two re-vote days on August 18, 2011 and August 19, 2011. Voting is open daily from 6 a.m. to midnight EST.

- Erie Shores Humane Society**

Erie Shores Humane Society is an all volunteer, humane no-kill, non profit organization that has been helping animals in and around Lorain County, Ohio since 1983. We assist homeless, abused, abandoned and neglected dogs and cats (and even a...

[Vote](#)
- Coalition for Disabled Musicians**

Founded in 1986, the Coalition for Disabled Musicians is a unique not-for-profit, volunteer-run organization for musicians with disabilities. However, our organization is more than just a group of people getting together to play rock and roll. Every member is...

[Vote](#)
- Deaconess Children's Services**

Deaconess Children's Services was there for Robert when he became a parent at the tender age of 14, we helped Amanda learn how to be a better parent so her children would be safe at home. We help children build bonds with their parents, help...

[Vote](#)

# Toyota 100 Cars for Good Campaign

Day 40 June 17, 2011 >>

**Day 40 Winner**

**My Angel With Paws**  
DeLand, FL

My Angel With Paws  
Service Dogs  
3098 Marsh Road  
DeLand, FL 32724  
(386) 490-4949

360p + YouTube

committed to expanding public understanding & knowledge of the needs of children & through the rescuing, breeding, training, placement and continuing education of service 90 tasks our service dogs perform they also give emotional support & comfort to

# Facility Updgrades

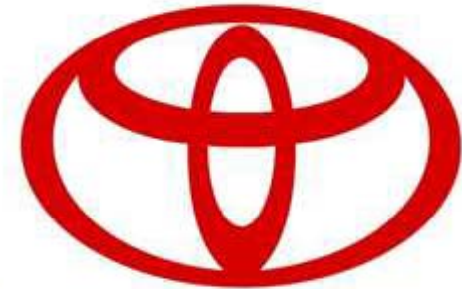
# Facility Upgrade of Dealerships

- Post crisis – manufacturers requiring facility upgrades
- Dealers largely agreeing to upgrades
- NADA argues that upgrades must be reasonable – phased in
- Inequities to smaller dealers on upgrades
- Challenge for manufacturers is prove there is a return on the upgrade investment

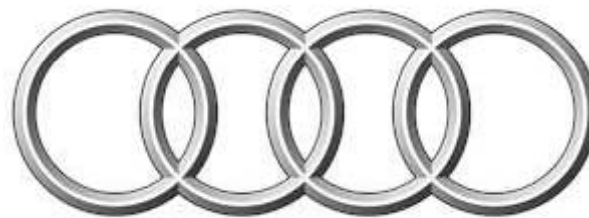
# Manufacturers Requiring Upgrades



L I N C O L N



TOYOTA



Audi





# GM EBE Program

## EBE – Essential Brand Elements

- Sales and Service Retention
- Digital Strategy
- Training
- Facilities

# GM EBE Overview

- Based on sales dealership receives incentive
- Dealer given on average \$400 per unit
- GM says 94% have agreed to participate
- GM launching “Digital Marketing” training for 3,500 dealership personnel in September
- Dealers argue program often too stringent
- Dealers ask “what is return” for investment

# Conclusions

- Dealership model is evolving
- No evidence that retail model will change dramatically near-term
- Google/Facebook and others are paying greater attention to auto retailing
- Evolution of online marketing technology – could impact retailing
- Hybrid/Alternative fuel vehicles could alter retail model

# NADA Convention

## February 3 – 6, 2012

