



Auto-Retail industry trends

September 2024



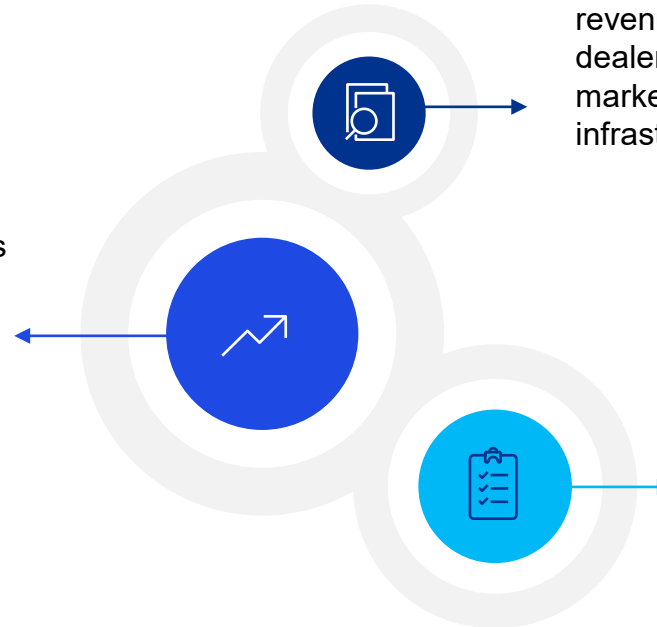
Trends in the auto retail industry



Background

- KPMG polled 50+ auto retail executives regarding the state of the industry

Inventory management remains a key challenge, with companies working to maintain optimal inventory levels and manage costs. AI is being used to enhance customer interactions, marketing, inventory management, and financial operations.



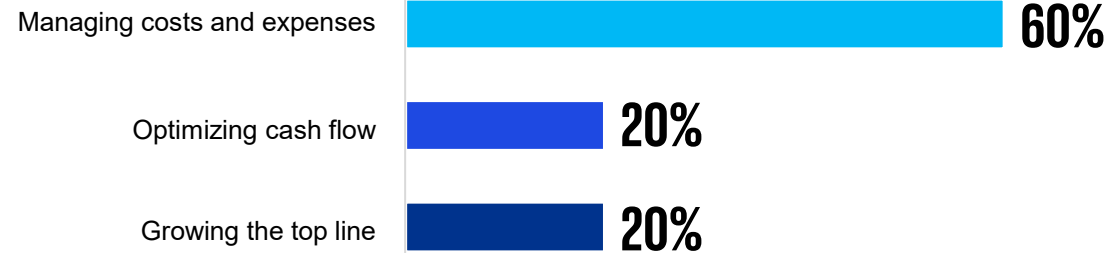
Auto retail executives are focused on financial performance, with an emphasis on revenue growth. They are investing in dealership networks, customer experience, marketing and advertising, and technology infrastructure.

Companies are also assessing their involvement in ESG reporting and preparing for new reporting standards.

Managing financial performance

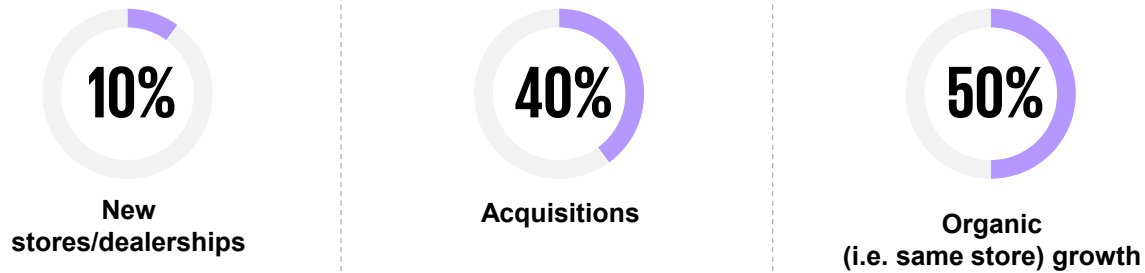
01

What are your company's top priorities related to financial results?



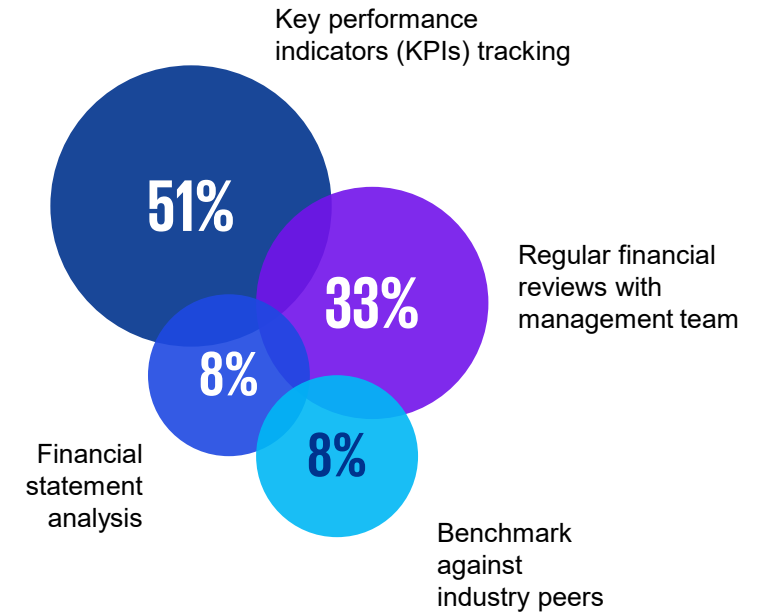
02

What is the primary way your company is looking to grow revenues?



03

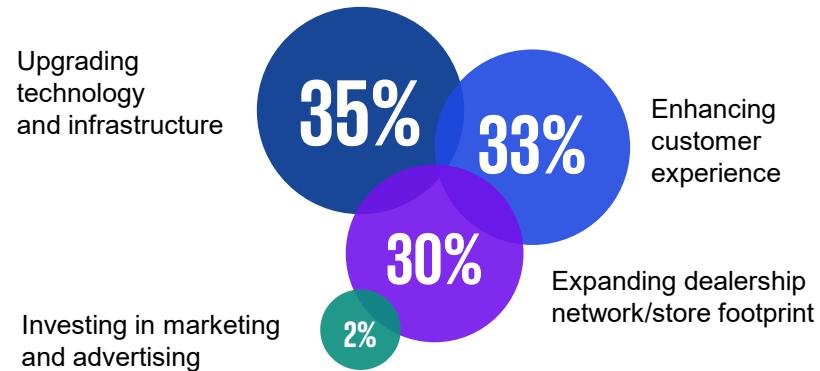
How does your company assess and manage the financial performance of your dealerships/stores?



Managing financial performance

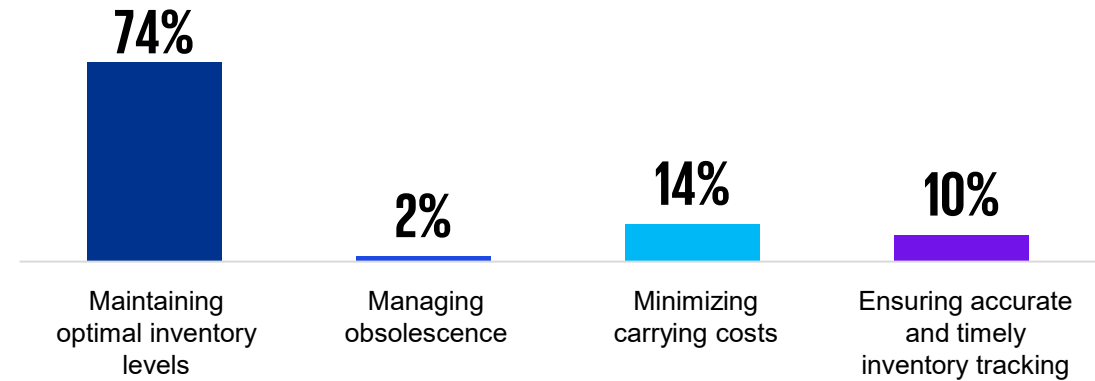
04

How is your company currently prioritizing investment decisions?



06

What are your company's top concerns regarding inventory management?



05

How do you approach financial forecasting and budgeting in your organization?

6%



Historical data analysis

15%



Market research and industry trends analysis

70%



Collaborative budgeting process with department heads

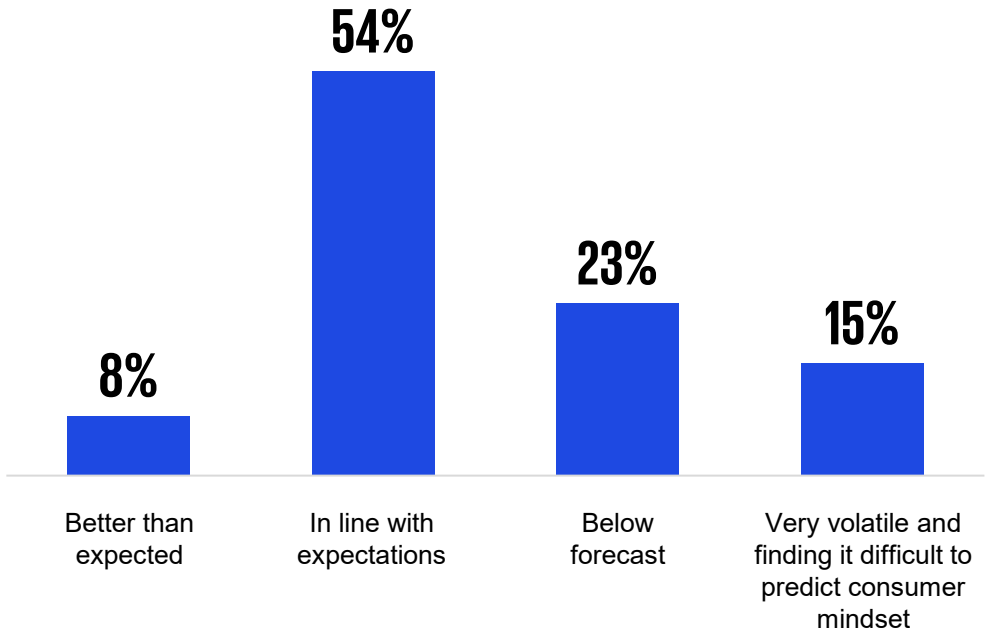
2%



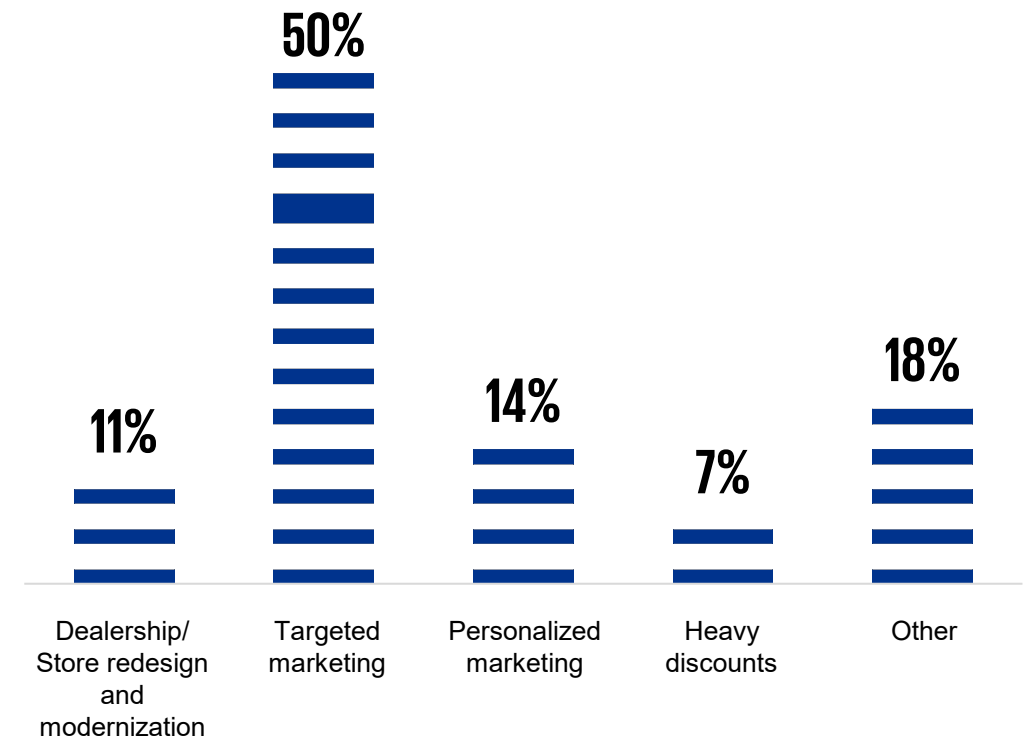
Utilizing financial forecasting software/tools

Retail perspectives

07 How is foot traffic both in-store/at the dealership and online?



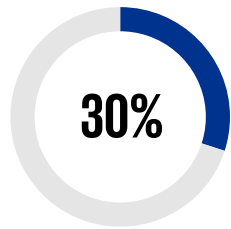
08 How is your company increasing customer conversion and stickiness?



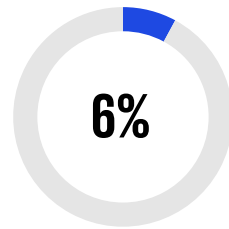
Economic outlook

09

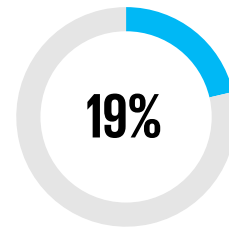
Which factor do you believe will have the most significant impact on the US automotive industry's future over the next five years?



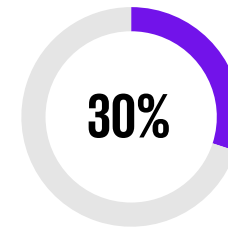
Advances in electric vehicle technology and adoption



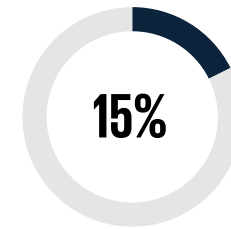
Changes in government regulations and emissions standards



Shifts in consumer preferences and buying behavior



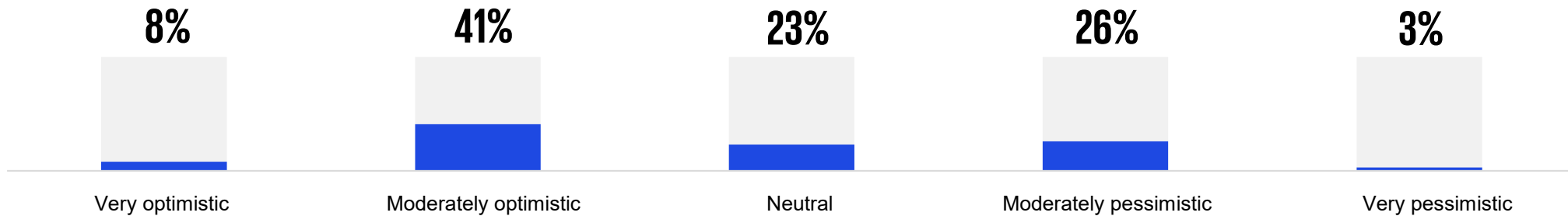
Economic conditions and overall market stability



Technological innovations in autonomous driving and connected vehicles

10

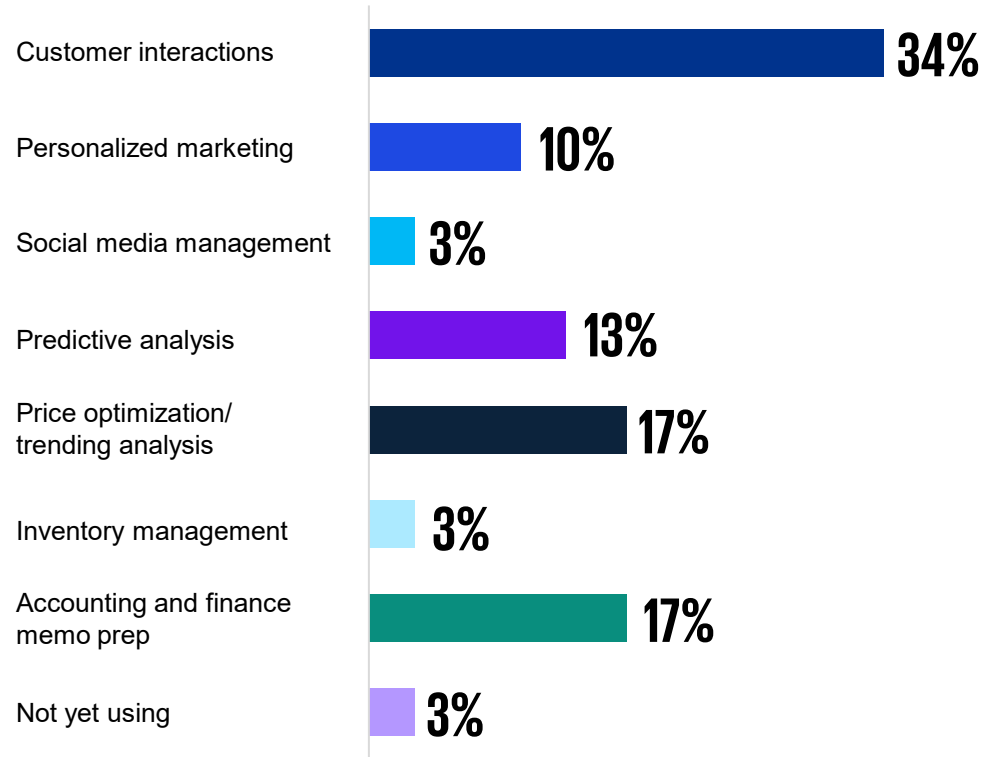
How optimistic are you on the future state (next 12 months) of the U.S. economy?



Emerging technology

11

Where is your company using AI?



12

Have you engaged a 3rd party for the specific purpose of helping increase the use of AI across the company?

16%



Yes, and it's been worth it

19%



Yes, but TBD on the ROI

44%



No, we've had conversations but haven't engaged anyone

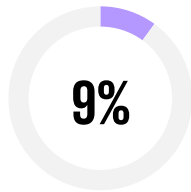
21%



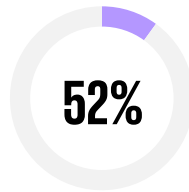
No, we are doing it all in-house

Financial reporting

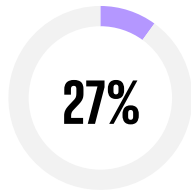
13 How do you expect the new Reportable Segment Disclosure Standard (ASU 2-23-07) to impact your reporting?



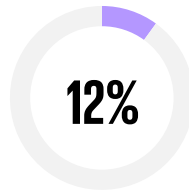
We have modified the form of what our Chief Operating Decision Maker (CODM) uses to assess performance.



We expect to disclose significant segment expenses that we have not previously.



We have a single reportable segment, and believe we already provide sufficient disclosure to meet the requirements of the new standard.



We have a single reportable segment but will have to provide further disclosures to meet the requirements of the new standard.

15 Do you intend to disclose any non-GAAP measures of profit and loss (EBITDA)?

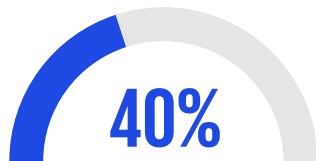
No



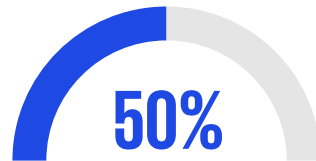
Yes



14 Do you believe the proposed ASU regarding the Disaggregation of Income Statement Expense will require significant effort to present the proposed details?



Yes, we will have to disaggregate expenses in ways we haven't historically



No, we already track these items internally

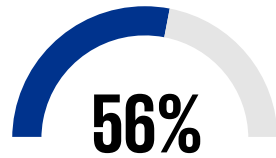


No, we already track these items and have shared similar information with investors

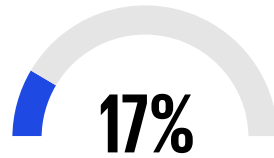
HR Strategy

16

Which HR strategies do you consider most effective in attracting and retaining top talent?



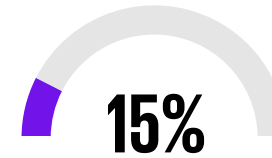
56%
Competitive compensation and benefits packages



17%
Robust employee development and career advancement opportunities



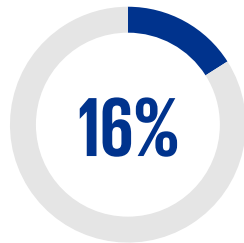
12%
Strong company culture and employee engagement initiatives



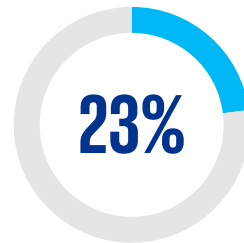
15%
Flexible work arrangements and work-life balance programs

17

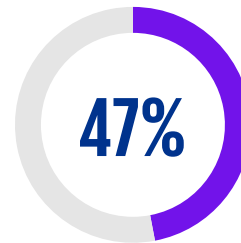
How involved are you with the ESG reporting process?



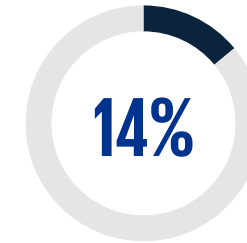
16%
Very, the financial reporting department is responsible



23%
Moderately, involved as part of a committee



47%
Limited, handled elsewhere in the company



14%
Other

Contacts



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KPMG LLP

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